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On ethics: Dr. Guido Palazzo

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An interview by **Adam Turteltaub** (adam.turteltaub@corporatecompliance.org), CHC, CCEP, Chief Engagement & Strategy Officer, SCCE & HCCA.

AT: First, what led you to pursue studying, researching, and teaching business ethics?

GP: During my studies in business administration, I had the opportunity to do an elective course on business ethics taught by a professor from the philosophy department. I fell in love with philosophy and spent the rest of my study years in philosophy seminars. I stopped going to my management lectures and passed the exams based on the notes taken by my friends. Then this philosophy professor offered to let me do a PhD and become his assistant. This was in the mid-90s, when business ethics was something obscure in Europe. At that time, there were almost no positions, and business schools had no interest in the topic. After my PhD, which I wrote on the future of democracy in a globalizing world, I was lucky enough to find one of the rare assistant professor positions in business ethics in Lausanne, Switzerland, where I am still teaching today. The big difference is that when I started, an old accounting professor asked me whether I would also teach "theology" to the students, while today, my topics are mainstream.

AT: I love the fact that you have a passion for contemplating both the right thing to do and why people do the wrong thing, which you refer to as "the dark side." I'm curious whether you think, to continue the analogy, that Darth Vaders are born, or are created by the culture in which they work. Or is it a bit of both?

GP: When we look at crimes happening in corporations, in particular these big scandals, from Enron to Volkswagen to Boeing, Wells Fargo, or Uber, we have two knee-jerk reactions. The first is attributing bad behavior to bad character: People do these things (from corruption to harassment) because they have character problems. They are "bad apples." This is called *fundamental attribution error*. The second reaction is to feel relieved because "we" are not like "them." Most of us see ourselves as above-average moral actors. Research shows that even people in prison would consider themselves above-average moral actors. This is called *moral superiority bias*. The combination of those two distorted perceptions influences our evaluation of immoral and illegal actions in organizations. While there are indeed some bad apples, this focus on the character deficiencies of some decision-makers does not explain large-scale, systematic forms of wrongdoing. For example, thousands of sales representatives at Wells Fargo participated in customer fraud, and almost all professional cyclists at the Tour de France were doping—not just Lance Armstrong. Many people had to make wrong decisions before two Boeing 737 MAX aircraft could crash. Harassment was not the only problem of the CEO at Uber; it was part of the overall corporate culture. We can continue this list endlessly. The most important thing we can learn from all those scandals is that most of the time, bad things are done by good or at least average people. They do not engage in such decisions because they have bad intentions but because they are somehow blinded by the ethical and legal dimensions of their decisions. I call this "ethical blindness": the temporary inability to see that what I do is wrong. People like you and me can move for the better, or they can move to the dark side by the pressure of the context in which they operate. Darth Vader was Anakin Skywalker before he went through a transformation process. He was originally a Jedi Knight, a protector of the good and just society. But there is a

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dark side in all of us. Circumstances might make us do horrible things. We need to humbly acknowledge this risk, remain mindful of it, and should not overestimate our ability to stay clean under high pressure.

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