

NANO TOOLS FOR LEADERS®

CONFRONTING ETHICAL & MORAL DILEMMAS: DON'T GO IT ALONE

Nano Tools for Leaders® are fast, effective leadership tools that you can learn and start using in less than 15 minutes—with the potential to significantly impact your success as a leader and the engagement and productivity of the people you lead.

THE GOAL

Strengthen your ability to confront ethically questionable acts or wrongdoings by bringing in allies.

NANO TOOL

According to a 2021 report from the Ethics and Compliance Initiative, 63 percent of middle managers were pressured by bosses to violate their firm's ethical code of conduct in 2020. Over half of middle and upper managers observed ethical misconduct, while 79 percent of employees experienced retaliation for reporting it. Well-run corporate compliance programs and healthy corporate cultures can reduce this problem significantly, but these are hard to sustain across large enterprises over long periods of time. And too many companies give only lip service to both.

When you are faced with a moral or ethical dilemma at work, it's common to believe that your choices are limited to three less-than-optimal options: remain silent, single-handedly confront the perpetrator(s), or report him or her (and perhaps the whole team) to a higher authority. For those who are conflict averse—and those who don't feel options two and three are viable for other reasons—the first option is the most appealing. But there is another way.

In fact, believing you have to handle this situation alone, no matter which option you choose, violates the Conscience Code—a set of 10 rules developed to help you lead with your values while advancing your career. Specifically, Rule #6 explains the importance of leveraging the Power of Two: an ally can bolster your confidence, help you think more clearly about next steps, and keep you grounded when people try to make it look as if you are the problem. In fact, when it comes to resisting pressure from peers and authority to “just go along with it” or “look the other way,” $1 + 1 =$ much more than 2. Psychologists report that the best workplace allies are those who help you better understand the situation you are in and then provide the confidence boost you need to manage it. For ideas about when and how to leverage alliances, see the Action Steps below.

ACTION STEPS

When you face wrongdoing at work, instead of choosing one of the less-than-optimal options described above, consider testing out your viewpoint in private with one other person, perhaps a quieter one who might be open to hearing your perspective and creating an alliance. If that is too risky, consider reaching out to the person who recruited you, a mentor, or a colleague who had been at the firm longer than you. If you are a woman or minority, research shows that you may find strength by conferring with one another in the face of situations involving sexism or racism.



Here are three ideas for leveraging the Power of Two:

- 1. Deal with peer pressure.** Another voice speaking truth will help you feel less isolated in your position and more confident in asserting your point of view. Professor Solomon Asch's work on peer pressure showed that when everyone in a group says that "X is true," the final holdout will go along with them more often than you might expect—even when they know that X is not true. This finding highlights the power of social contagion: a strong group can make dissenters too embarrassed to go against the crowd, or even make them actually believe something they knew previously to be false. In a follow-up experiment, Asch gave his subjects an ally or "true partner"—one voice in the room that spoke the correct rather than the incorrect answer. This caused subjects' willingness to tell the truth to jump from 65 percent to 95 percent.
- 2. Stand up to authority.** Stanley Milgram's infamous power-of-authority studies investigated why ordinary German people had gone along with the Holocaust in World War II. His experiments demonstrated that ordinary citizens could be pressured into delivering what appeared to be lethal levels of electric shocks to human "victims." In one version of the experiment, Milgram created teams of three to deliver the shocks, with each team including two "dissenters" who were instructed to quit after a specified number of low-level shocks were "delivered." With the two dissenters breaking off during the process, 90 percent terminated the experiment prior to the lethal shock level—with 25 of them quitting at a level less than half that. The takeaway? Having allies at your side can empower you to act on your values more quickly and decisively than relying on your inner resources alone. And having supportive peers may be especially important for those with more accommodating and conflict-averse personalities.
- 3. Gain a fresh perspective.** Professor Philip Zimbardo's troubled Stanford Prison Experiment, in which he placed randomly selected undergraduate students in roles of "guards" and "prisoners," attempted to prove that social roles and systemic pressures can distort the behavior of otherwise normal people. Although the guards' behavior became troubling very quickly, it took an outsider to bring an end to the out-of-control proceedings. PhD student Christina Maslach was so disturbed by what she saw that she persuaded Zimbardo to end his experiment immediately on ethical grounds, applying both common-sense morality and the norms of social science. Research on ethical conflicts revealed numerous instances of ordinary people swept up in wrongdoing by peers and bosses—but who were saved by a perceptive spouse or friend who could see more clearly than they what was happening. The Power of Two thus extends to people completely outside your workplace "bubble"—people who can point out how far you have strayed from your ethical commitments and bring you back to your senses before it is too late.

HOW LEADERS USE IT

By now, the story of charismatic 19-year-old Stanford undergraduate Elizabeth Holmes and her idea for a new approach to blood testing is well known. What's often missing from tales of the Theranos scandal are Tyler Shultz and Erika Cheung, two twentysomething employees who were faced with immense pressure from their superiors and peers to go along with what was clearly a massive fraud. Their story demonstrates the power of an ally when you encounter real-world conflicts.

New hires Shultz and Cheung worked together on a team that was testing the accuracy of the Edison—Holmes's blood testing machine. When they noticed that data showing results that deviated too far from expected performance never made it into reports, they were told that it was standard practice to ignore these "outliers." They also became concerned that the firm was misreporting a variety of metrics on the Edison's accuracy for different types of blood tests, and that, compared with accurate results from traditional machines, the Edison failed. When Shultz and Cheung pushed back, they were admonished for not being "team players." Finally, after their superiors knowingly submitted false data to regula-

tors, Shultz turned in an anonymous complaint to investigators and sent an email to Holmes with details of his concerns (many of which came from Cheung). Berated once again, the two decided to quit. Cheung filed a formal complaint with the federal Centers for Medicare and Medicaid Services about the misconduct she had observed. The complaint triggered a formal investigation, which, in combination with a series of front-page investigative stories in the *Wall Street Journal* (sourced in part by Shultz and Cheung) and Shultz's anonymous filing with regulators, brought an end to Theranos. Shultz and Cheung leveraged the Power of Two, feeding off each other's energies; advancing each other's strategic thinking; and providing independent, credible information from the inner workings of a corrupt organization that could be used as evidence by the legal system.

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KNOWLEDGE IN ACTION: RELATED EXECUTIVE EDUCATION PROGRAMS

Richard Shell teaches in [*Negotiation and Influence: Making Deals and Strategy Work*](#), [*Advanced Management Program*](#), and [*Executive Development Program*](#).

ABOUT NANO TOOLS

Nano Tools for Leaders® was conceived and developed by Deb Giffen, MCC, director of Custom Programs at Wharton Executive Education. *Nano Tools for Leaders®* is a collaboration between joint sponsors Wharton Executive Education and Wharton's Center for Leadership and Change Management. This collaboration is led by Professors Michael Useem and John Paul MacDuffie.