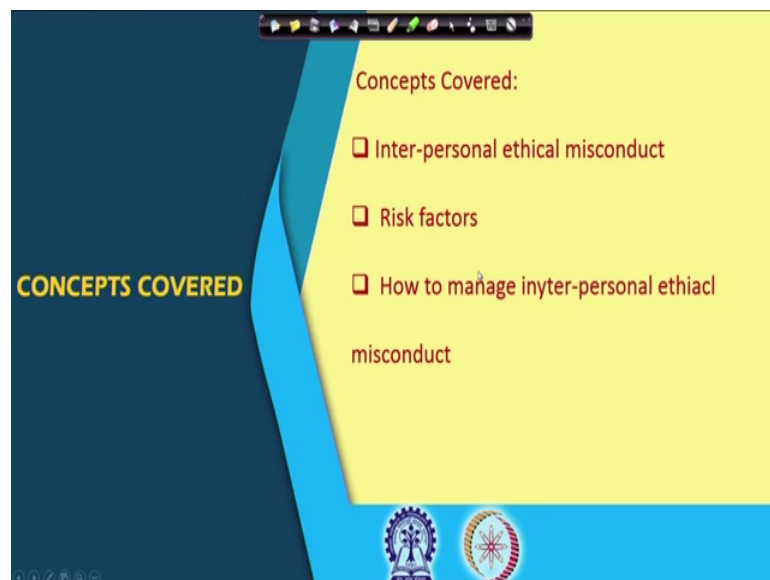


The Ethical Corporation
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Lecture - 14
How to Manage Inter - Personal Ethical Misconduct at Workplace

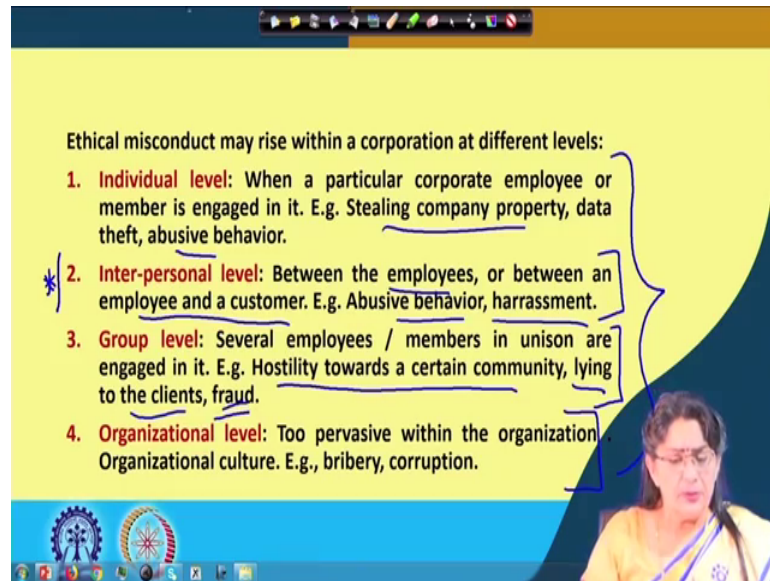
Hello, welcome back. We this week we are talking about managing ethics within the corporation and today's lecture is going to be on a specific area of managing ethics namely in the interpersonal area. So, interpersonal ethical misconduct and how do you manage that in the workplace.

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We will talk about this in this module along with the risk factors that sort of make it particularly problematic. Risk factors as in their presence in the corporation and then corporations become more vulnerable to interpersonal ethical misconduct. That is what we mean by the risk factors and then finally, we will finish with how to manage this kind of misconduct.

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Ethical misconduct may rise within a corporation at different levels:

1. **Individual level:** When a particular corporate employee or member is engaged in it. E.g. Stealing company property, data theft, abusive behavior.
2. **Inter-personal level:** Between the employees, or between an employee and a customer. E.g. Abusive behavior, harassment.
3. **Group level:** Several employees / members in unison are engaged in it. E.g. Hostility towards a certain community, lying to the clients, fraud.
4. **Organizational level:** Too pervasive within the organization. Organizational culture. E.g., bribery, corruption.

So, that is our plan for this lesson. You see ethical misconduct in a corporation can happen at various levels. It might be a purely individual situation; meaning a particular person, a particular corporate executive or corporate member is engaged in something that is ethically objectionable. For example, you know, but still in some company property. It could be an individual behavior or data theft; you know company's data, you are stealing the data or some sort of abusive behavior towards not a single person or it could be at the interpersonal level meaning between two parties between two people.

So, it could be that the people belong to the same group namely the employees. So, it is a employee to employee misconduct or it could be between an employee and a customer which is not desirable. Because customer is an external stakeholder, but still things happen. What kind of situations may happen? Again abusive behavior with each other or harassment or rude insults for example, and so on; this is interpersonal misconduct.

It can be also happening at the group level meaning it is not just one or two or single person or two people, but more than that several employees or several members corporate members are together in this. And in unison there is malpractice or misconduct. For example, you might see that there is a bias or prejudice against a certain community. And knowingly or unknowingly a whole lot of corporate members are taking part in that lying to the clients you know organized lying. So, everybody in unison is lying to the clients and corporate fraud for example. So, it rarely is a one man job or one woman job,

but it is typically it is there is collusion among different parties. So, that is another kind of ethical misconduct.

When it is very pervasive in the corporation, we call it is an organizational level; it is a cultural organization cultural problem. If it is too pervasive and connected it is embedded in the organizational culture even then you can have ethical misconduct. For example, the bribery culture; you know, everybody thinks everybody participates in that or in some sort of a scandalous corruption for example.

Now, because there are so many kinds; we want today specifically choose one of these examples to talk about how to manage that and we will choose here the interpersonal misconduct all right. Now you will say, but why. Why are we selectively choosing this one?

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Interpersonal Workplace Misconduct

- A frequent and major ethical issue within an organization lately. **Mistreatment** of employees, **harrasment** and **discrimination** have started to surface as critical issues of our time.
- The **#MeToo** movement has helped to uncover festering workplace issues, e.g. **sexual harrasment**, and to find new ways to make the workplace a more respectful one. This and other factors have heightened our awareness about interpersonal misconduct and the adverse effect it has on the employees, and on the organization.
- So, there is need to talk more about inter-personal misconduct at workplace, its nature, and what a Corporation can do about it.

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The answer is because it is suddenly it is the most common one. Interpersonal ethical misconduct is one of the most common occurrences in an organizational setup. So, what we are talking about is mistreatment, abusive behavior or harassment not necessarily sexual harassment, but harassment. You know making unreasonable demands or putting the person through a lot of strain unnecessarily. These are harassment; hostility and then discrimination. These are issues that have started to surface as very critical issues of our time.

Because if they are if these things happen in the corporation the, there is no peace there is not enough stability among the people. So, you cannot expect them to be completely productive and focused which is what you need, but these are things that are happening regularly. These days you know people have started to talk about it. They are especially the negative experiences people are no longer afraid to talk about it.

You may recall from the recent times that there was this Metoo movement where people from or members of the film fraternity started talking about the on desirable practices. Mainly you know, these are festering workplace issues. They are specifically they talked about sexual harassment. In order to get job or in order to get promoted in that in that setup, you needed to actually get involved in very undesirable compromises and those are sexual in nature.

So, the through this kind of movement, a lot of festering issues came out; workplace issues, ethical misconduct it came out both in Hollywood as well as you know in our Bombay movie industry. What is do we are talking about is that the workplace needs to be respectful to each other you know, it does not have to be that kind of a place where you feel you are being compromised, your values are compromised, your integrity is compromised, your abilities undermined and people are using you; it does not have to be that way.

And these things have heightened our awareness about the importance of looking into interpersonal misconduct and the kind of affected leaves on people and on the organization through people, how it leaves adverse impact on the organization.

So, there is a need to talk about this important issue which is why we chose to talk about this.

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On some frequent workplace inter-personal misconduct

In the US workplaces, **most frequently observed** type of **misconducts in 2017** were (GBES 2018):

- **Abusive behavior**, mostly by a manager or first line supervisor: **Abusive, or intimidating, or hostile behavior.** **Can be verbal, physical, or even online.**
- **Abuse of internet** ✓
- **Lying to employees and external stakeholders** }
- **Conflict of interest** ✓

Mostly observed multiple incidents, or an ongoing pattern of behavior. Also:

Sexual Harrassment: Most commonly, unwelcome sexual comments. Intentional inappropriate physical touch.

Discrimination: Mostly based on **race, caste, and gender.** But also based on ethnicity, sexual orientation, age and religion. Disability status is also not spared.

Survey says; recent survey says that in the United States workplaces, the most frequently observed kind of interpersonal misconduct in 2017 where some of these. First is abusive behavior who is doing to whom. Well typically most of the time very frequently by the manager to the employees or the first line supervisor to the employees. Abusive words intimidating behavior or even hostile behavior sometimes these are verbal. So, you are using language that is clearly insulting and demeaning.

Sometimes it goes beyond the words; it is even physical abuse rarely, but these things happen and sometimes it is online. There is also abusive internet and you know lying to people lying to employees or lying to external stakeholders specifically to customers and conflict of interest. So, these are not very desirable kind of incidences that a corporation wants to see; obviously, there is also sexual harassment reports and also discrimination reports.

Discrimination we will talk about I mean greater length in some of in subsequently in some classes, but this is something that really bothers people to be unfairly distinguished unfairly and unjustifiably. Typically you know we see this based on caste in our country or on based on gender in our country. In the United States based on race for example,, but it can also be based on sexual orientation or age you know old versus young and religion. Even disability status is not spared in discrimination, but these are some of the interpersonal ethical misconduct that we need to really weed out from organizations.

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Inter-personal misconduct and the Company

- Organizational culture does and will make an enormous difference in employee conduct.
- In ethically proactive culture, employees will fall in line.
- In **ethically compromised culture**, employees are more likely to violate the norms.

Three factors that put employees and their companies particularly at risk for inter-personal misconduct are (GBES 2018):

1. **Weak leadership** ✓
2. **Focus only on performance /outcome** ✓
3. **Organizational crisis times** ✓

How do you work with this? What can you do about it? We will talk about it. First we will say what actually creates barrier; namely what weakens our responses towards such untowardly behavior. Then we will talk about what measures can the corporation adopt to weed this out. First of all we have already talked about in the last lecture about having the right kind of organizational culture.

You know you can have a standalone formal system of ethics that alone is not sufficient we have said. You also need to have the right kind of ethical organizational culture. If you have a ethically proactive culture you know, employees will fall in line easily. On the other hand they will as I told you people learn from each other and there is cultural learning. So, if the culture is ethically compromised then the employees are more likely to violate the norms.

Risk factors so, which put employees and of their organizations particularly at risk for interpersonal misconduct. What are they? The first one is weak leadership. We have talked about the importance of leadership; we will talk about weak leadership because it is a risk factor risk factor meaning making the corporation more vulnerable for such occurrences. Second one is focus only on performance or outcome. So, it is a very sort of a narrow vision about what works and organizational crisis times. So, these are the three risk factors then we are going to discuss now.

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Three risk factors

- 1. Weak leadership :** Corporate leaders set the example. Employees keenly follow how the leaders conduct themselves, and what they value. The **weak leadership** that fails to model ethical behavior, and blames the employees for misconduct, is likely to increase the occurrence of **inter-personal misconduct** in the workplace.
Workplaces where the employees see the leaders **bending the rules, overlook misconduct, or treat others disrespectfully**, are the **breeding grounds** for toxic interpersonal conduct.
- 2. Focus only on performance without concern for the process, or how it was achieved.** E.g., promotion only based on results achieved.
If the company is only interested in the business outcome or success, employees quickly learn that **how** that success was achieved is not important for the company. **Scope for inter-personal misconduct increases.**

First weak leadership. We have discussed as corporate leaders set examples, excuse me. They set the tone and they set the example and employees follow their example. What is weak leadership? First of all, this is the leadership that itself does not portray what is ethically desirable all right.

So, the setting of the example the leadership is such that it does not really instantiate what it is preaching. So, first of all it fails to model the ethical behavior. So, we are talking about you know somebody who says that do not steal, but himself or herself is engaging in such activities. You know that is a clear it creates the jarring dissonance immediately. Second the weak leadership blames the employees for misconduct.

First of all the leadership is engaged in misconduct and then when employees follow the suit, the leadership blame the employees for such misconduct if this is the kind of leadership that is pushing the corporation. We can expect it is very likely that there would be occurrences of interpersonal misconduct in the workplace because I mean I mean there is nothing to learn from the top or there is no clear examples to emulate from the top.

So, typically if the employees find that the leaders themselves are bending the rules, the speech they preach the rules, but they themselves bend the rules making exceptions in their cases or they look the other way when the **c e mal practices** are misconduct and openly treat others disrespectfully. Employees quickly learn that this is what goes.

So, these are then this kind of environment would be a perfect breeding ground for toxic interpersonal misconduct. So, that is why we said the weak leadership sort of causally is connected with more interpersonal misconduct in the workplace. The second point is that if the organization is such that it only focuses on the outcome that is it only wants to know whether you have been successful you have did you achieve the target or not.

So, and on that basis rewards are distributed incentives are distributed. For example, only those are who were promoted are who bring the results. If this is the attitude of the corporation or if this is the only yardstick that the corporation uses, then there is likely to be an increase of ethical misconduct.

Why because people understand and all we need to do is to produce the result nobody is concerned how we get the result, how we achieve the result; it is only what the result is. So, if that is the case, then there is scope for interpersonal misconduct meaning they will try to choose whichever way whichever whatever means they can adopt to get the result. So, this is the second point.

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Three risk factors

3. Organizational change: When the organization is in transition or going through a change, employees are more at risk for inter-personal misconduct

✓ E.g. lay-offs, restructuring, downsizing,

✓ Transition in management: Merger with another organization, acquisition of another organization, change in top management, benefit reductions as part of cost-cutting measures

Generally, in such times, there is increase of tension, stress, conflicts.

As a result, risk for inter-personal misconduct increases .

Corporations should be attuned to the impact of such changes.

Third is when the corporation or the organization is going through changes either itself is in transition or it is going through a really big change. In such times research says that it creates the it increases the likelihood of interpersonal misconduct. What kind of situations we are talking about? Well for example, layoffs restructuring happening within the organization or downsizing. These are not pretty situations anyway, but these are

sometimes necessary and the organization the entire corporation is getting shaken up because of these changes.

This is another kind of a change that might happen. When there is transition in the top especially in the management. When can that happen? Well for example, think about merger when you are when the corporation is getting merged with another corporation. You know, it is a lot of it is a very different kind of a mixture and more different that the two organizations are the more difficult a merger is, but it is a change and everybody is going through this changing process.

Or when you are acquiring another organization, you know still there has to be a lot of changes and a lot of divisions have to be made and so on or there is a change in the top management. What you are used to and then what you are getting its a different kind of a management setup or management style or management approach and new directives.

So, again once more the entire corporation is going through changes or these are hard times of austerity due to some sort of budget crunch, benefits are being reduced. So, what you are used to the kind of life that you are used to is getting reduced because of the cost cutting procedures. What we are talking about is immensely comprehensible because we are all human beings common human beings. It does that in during such changes when there are turning points in our life which changes our old way of life; we are all frazzled, our nerves are frazzled.

So, typically you feel tensed and you feel stressed and as a result conflicts occur that is in our personal life. But same thing is true in our corporate life when the corporation is going through certain major changes, you can expect the people inside those are going through the same states; mental states there will be increase of tension there will be increase of stress.

Therefore, conflicts are going to occur more frequently. So, these are the these are the changes and the corporation needs to know that this is when you can expect there will be rise in the complaints about interpersonal misconduct also.

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How to manage inter-personal misconduct

1. Research shows that when they observe or experience inter-personal misconduct, employees most often report it to their supervisors. Unfortunately, not all supervisors are positively encouraging about the importance of ethics in conduct. So, first point is that supervisors / seniors must be trained and ready to show their commitment to ethics. They must demonstrate that they care about ethics in inter-personal conduct, and that the employees can comfortably approach them to report such matters.
2. Nurture a speaking up culture: The organizational culture must be conducive for the employees to feel comfortable to raise ethical issues related to inter-personal conduct. There must be protection from retaliation.

Now, we come to the point. So, these are three risk factors that we have talked about then how do you manage it; how do you manage interpersonal misconduct. Here are some suggestions from research that typically when there is interpersonal misconduct as in abuse abusive behavior or you know physical assault or you know harassment or even you know some sort of discrimination either you observe it or you experience it in yourself, the first thing that people do is to report it to their immediate supervisor; immediate senior.

So, it is not that people do not report. In fact, they want to share that they want to make a complaint that this is what has happened to me or this is what has happened to so and so. What to do about it? That is why they go and report, but unfortunately not all seniors are positively inclined to address or even to give any importance to the complaint. That is the problem that they are not very encouraging about such complaints and they do not understand the ethical dimension involved in such complaints.

So, the very first point is that them as a measure if you want to mitigate interpersonal misconduct, the first thing is that this immediate seniors, supervisors, middle managers; you know or floor managers need to be trained. So, that they are ready to show their commitment to ethics.

Its one thing to say in the code of conduct you know, go if you find any case of harassment go and report to your supervisor. This is one an employee knows that there,

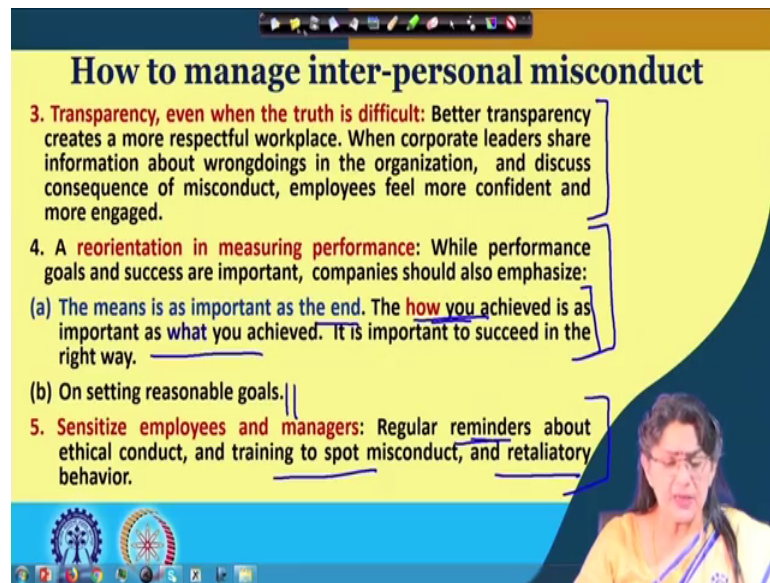
but first time the employee does that and there is no encouragement or there is not even any acknowledgement that they issue is very serious. Second time, the employee will think twice before going and reporting to the senior because the complaint went unheard all the complaint did not make any dent or even the seniors there are instances where the senior may have said that just you know why are you bothering me with this, this is not a major issue you know. If you have to stay here, work here, you have to put up with all of this.

So, the first thing is that the if you want to start with managing ethics the this kind of people who are very closer to the employee body have to be trained properly to show their commitment to ethics that is the first one. Second is that there has to be a cultural change; cultural change in the sense that you have to actually encourage and nurture a culture of openness.

Openness where the employees feel comfortable to raise ethical concerns that they feel that they can they can actually talk about such issues and report to somebody about interpersonal misconduct. Not only that the culture; there has to be cultural acceptance that this; if I if the misconduct is found it will be reported, but they will be protection from retaliation. You see I mean it is human psychology that the person the miscreant first of all offend, they get engage in offensive behavior and then they get very angry when that the victim reports about it as if the duty of the victim is to just bear it is silently all right.

So, there is a usually there is serious retaliation in direct ways or indirect ways, but there has to be protection. Unless the corporation or the organization assures that there will be protection from retaliation, why would anybody try to even report?. So, this change in culture the cultural change is also very necessary if you want to really address the issue about interpersonal misconduct.

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How to manage inter-personal misconduct

- 3. Transparency, even when the truth is difficult:** Better transparency creates a more respectful workplace. When corporate leaders share information about wrongdoings in the organization, and discuss consequence of misconduct, employees feel more confident and more engaged.
- 4. A reorientation in measuring performance:** While performance goals and success are important, companies should also emphasize:
 - (a) The means is as important as the end. The how you achieved is as important as what you achieved. It's important to succeed in the right way.**
 - (b) On setting reasonable goals.**
- 5. Sensitize employees and managers:** Regular reminders about ethical conduct, and training to spot misconduct, and retaliatory behavior.

And then these are the other points that there has to be an acceptance of the truth you know transparency, if you want to call it then this is what we mean that our respectful workplace actually requires a lot of transparency. Sometimes the truth is bitter sometimes the truth is very difficult to swallow, but nobody likes to hear about wrongdoings or mal practices or misconduct within the organization because it really creates an atmosphere you know where you are not very comfortable to even approach.

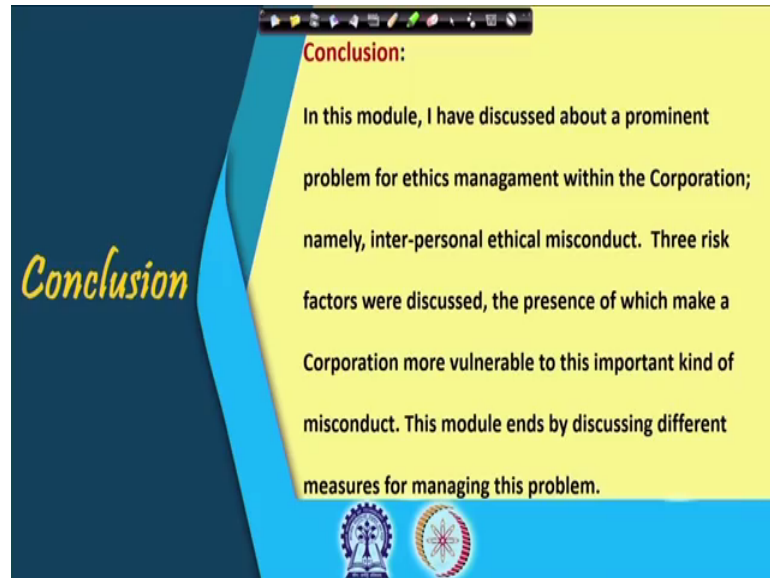
But openness and talking about it only then, you can solve those problems. If you usually what people tend to do is to sweep there is dirty secrets under the carpet as if sweeping them away is going to solve the matter, but that is not how it things happen.

So, this is opening it up and accepting the truth and then of course, you know how you measure performance. You know we were talking about this short term orientation, the orientation about only the consequence of the outcome that has to change. So, that the everybody comes to know that it is not what you achieve as the end. The means is also equally important, how you achieve is as important as what you have achieved.

So, then if you can communicate that clearly and effectively then people will desist from doing some mischief ethically questionable practices. There is also the responsibility of setting reasonable goals. If you push the employees too hard on unreasonable targets, people will be desperate to achieve the end and the means may not be always ethically satisfactory. So, there is that and then finally, the last point is that there has to be a

sensitization process all employees. All managers need to be regularly reminded to look out for such interpersonal misconduct, to support it, to address it and to protect people from retaliatory behavior.

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So, this is this was our discussion for today and this is where we will stop. We had we have just discussed how to manage one of the bigger problems in today's corporate world namely interpersonal misconduct. So, this is where we end our lecture today, we will come back with more in the next lecture.

Thank you.