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ORGANIZATIONAL CULTURE

We Don’t Shun Unethical Coworkers If They’re High Performers

by Rebecca L. Greenbaum and Matthew J. Quade

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Organizations are typically encouraged to take a hard stand against employees' unethical behaviors. After all, scandals at Enron, Arthur Anderson, and AIG have shown that unethical behaviors can tarnish an organization's reputation, lead to considerable monetary losses, and even result in legal prosecutions and corporate shutdowns.

So we're told to make sure codes of conduct are actionable and go beyond window dressing. The swift discipline of employees who violate ethical standards is recommended.

But there's a problem with these suggestions, which is that unethical behavior can be really hard to detect and isn't always formally reported to higher-ups in an organization. Yet our recent research identifies a common phenomenon that might help dampen unethical behavior before it even needs reporting: Employees who engage in unethical conduct are more likely to be socially rejected by their peers. By ignoring the unethical employee — leaving the room when they enter, excluding them from conversations — coworkers have the power to signal that someone's unethical behaviors are not acceptable and should be corrected.

That is, unless the unethical employee in question has the reputation of being a high performer. In spite of the tendency to socially reject those who are unethical, we uncovered a double standard based on a person's contributions to the bottom line. Specifically, we show that unethical high-performing employees are less likely to be socially rejected by their peers, which implies that unethical behavior can be tolerated. This is not the case for unethical low-performing employees.

Why? In general, the latter do little to contribute to an organization's vitality. In turn, these employees tend to frustrate and annoy their coworkers. It's hard to get along with someone who doesn't play by the rules of the game *and* who does very little to promote the well-being of the organization as a whole. It's relatively easy for people to summarily reject these colleagues.

Unethical high-performing employees, however, appear to receive a free pass for their unethical behaviors. These people may be unethical, but they get the job done, and enhance the organization's short-term profitability along the way.

This is the case even in organizations that on the whole are considered highly ethical. In our third study, we took into account the organization's ethical environment and still found the same pattern of results. Irrespective of the extent to which the organization prioritizes ethics, unethical high-performing employees still had better working relationships with their peers and were less socially rejected than their unethical low-performing counterparts. There's something about being a high performer that appears to mask concerns related to immorality.

What does this mean in practice? Organizations can take some comfort in knowing that unreported unethical behaviors are often nixed by coworkers. After all, social rejection is quite painful and has been likened to social death. Unethical employees who experience social rejection should be motivated to assimilate by behaving well moving forward.

Yet coworkers are not going to be very helpful in terms of reining in high-performing employees. Without formal reprimands or social sanctions, these people are likely to go about their business of ignoring ethical standards and doing whatever they please. This is problematic because research has shown that when bad behavior goes unchecked, it can become progressively worse.

In order to tamp down on unethical behavior, our research suggests, companies need to take a hard look at how they prioritize performance over ethics. Yes, profitability is important, but at what cost? Even the recent global financial crash points to an obsession with profits and getting ahead to the near exclusion of principled decision making.

Moving forward, managers should push employees to consider long-term, rather than short-term, financial success. By adopting a long-term mindset, employees might be less likely to ignore a high-performing employee's misdeeds. It goes without saying that employees should be rewarded for correcting ethical issues head-on, without fear of retaliation. Of course, this would require a commitment among higher-level managers to not overlooking misconduct in an effort to meet the numbers. An organizational commitment to long-term, rather than short-term, performance could be the difference between stability and scandal.

Rebecca L. Greenbaum is an Associate Professor in the Management Department of the Spears School of Business at Oklahoma State University and holds the William S. Spears Chair in Business Administration. She conducts research in the areas of behavioral ethics, dysfunctional leadership, organizational justice, and workplace deviance.

Matthew J. Quade is an Assistant Professor in the Department of Management at the Hankamer School of Business, Baylor University. His research focuses on behavioral ethics and workplace deviance, including topics such as ethical leadership, unethical behavior, abusive supervision, and ostracism.

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SHERRI ALLEN 2 months ago

We should look at our incentive programs to make sure we are not rewarding bad/unethical behavior and/or unintentionally encouraging it. I've found that, often times, some of the behaviors are a direct result of not having checks and balances on our incentive programs.

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