Doctoral School of Regional and Business Administration Sciences

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Understanding Unethical Behavior in Organizations Through Complexity and Narratives

Doctoral dissertation

Supervisor: Dr. László Imre Komlósi

Győr, 2022

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Declaration of Authenticity

No portion of the work referred to in this dissertation has been submitted in support of an application for another degree or qualification to this or to any other university or other institution of learning.

The dissertation contains no material previously written and/or published by another person, except where an appropriate acknowledgment and reference is made in the bibliographical references.

Abstract

Abstract of dissertation submitted by:

Tamas Sneider

For the degree of Doctor of Philosophy and titled: Understanding Unethical Behavior in Organizations Through Complexity and Narratives

Unethical behavior in organizations is societal issue that received significant attention lately in the international academic business ethics literature, but this does not seem to have translated into practice. We continue to hear about huge corporate scandals and see a plethora of non-publicized examples where corporate wrongdoing harms our society. Although a lot has been written about correlations between certain personal/organization variables and unethical intentions or behavior, little attention is paid to the processes that contribute to unethical behavior becoming pervasive in organizations. Therefore, my main research question can be formulated as follows: How do organizations become unethical?

In this paper-based dissertation I build on a transdisciplinary approach to suggest new or underutilized conceptual ways of understanding unethical behavior in business. I first introduce a brief history of business ethics as a discipline and discuss how widespread it has become despite the fact that even its validity was still doubted a few decades ago. However, I also argue that in my native country, Hungary, business ethics is still underappreciated area and that incorporating ethics to mainstream business research and education could improve the country's business culture. This serves as one of the main motivations for this research.

To discuss how we can better understand unethical behavior in organizations I suggest asking not only the 'why', but the 'how'. I utilize the framework of complexity and use a dynamic approach to understand how organizations move to a state where unethical behavior becomes pervasive. I connect the concepts of moral disengagement and organizational culture and propose a new conceptual framework by conceptualizing organizations as complex adaptive systems which evolve over time as a result of circular causality and feedback loops, and occasionally go through phase transitions.

I also introduce agent-based computational modelling as one of the practical methods of integrating complexity into business ethics research. This is a research method that has limited reach in business ethics and in the social sciences in general, but it has good potential of providing new insights in understanding unethical behavior in business. I describe the model building process and draw initial conclusions, but this project is left open for further future elaboration.

Finally, I turn to the aspect of accountability of companies on the societal level. Through a case study, I discuss how narratives are instrumental to the social construction of our understanding on what the accountabilities of companies for their potentially unethical actions are. The discourse that is formed around this question is burdened by the problem of knowledge, namely that there is no expert or group of experts that can provide objective resolution to such complex problems, and thus they are subject to political argumentation. In today's highly polarized world, genuine debate on social accountability is skewed by the propagation of political messages that are based on incommensurable moral beliefs and values, and this makes it hard to define what corporations are accountable for in a moral sense. I contend that analyzing the narratives that lead to this epistemic stalemate might help us arrive at a better understanding of the issue.

This dissertation contributes to the understanding of unethical behavior in organizations on two different levels of reality: on the organizational level through integrating a complexity-informed dynamic approach to business ethics research and on the societal level through the narrative analysis of social discourse on companies' accountability for their actions.

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Introduction

Before starting my doctoral studies, I had the opportunity to work for different organizations for extended periods, including multinational corporations, a small firm, and a public university. It was not a surprise to see that there are stark differences between these organizations, but after a while I realized that the pervasiveness of unethical behavior was one of the most important factors impacting my work and my relationship to the organization, even though I had very little exposure to this topic when studying about business and organizations during my bachelor and master studies. It occurred to me, based on my subjective experience, that the more unethical behavior one can observe in an organization, the worse experiences one will have, in general, as a member of that organization. I also had the impression, that unethical behavior in organizations cannot be easily explained by the presence of inherently immoral people, and as I started reading more about ethics and behavior, two books, in particular, had an enlightening effect on me: Dan Ariely's "The (honest) truth about dishonesty: how we lie to everyone - especially ourselves" (2013) and Max Bazerman and Ann Trenbrunsel's "Blind spots: why we fail to do what's right and what to do about it" (2011). I later came to hold a critical stance on several elements of the work of these researchers, such as their research methods, but I aim to give full credit to them for presenting a clear message to a wide audience: the view that evil individuals are solely responsible for unethical behavior in business is way too simplistic and mostly false. These accounts highlight that if we want to understand unethical behavior we need to dig deeper, and despite the fact that a lot has been done already, there are still many opportunities in this field. Because of my exposure to business organizations, my specific topic of interest was to study unethical behavior in organizations. This has motivated me to start exploring the academic literature of business ethics.

I am discussing certain elements of the business ethics literature in much greater detail in the later sections, but after exploring the most important journals in the field, I was able to arrive to some generic conclusions about what had so far been written about unethical behavior in organizations. I could conclude that there are two dominant approaches to writing about this topic: the philosophical approach, aiming to connect established ethical theories (e.g., utilitarianism, deontology, virtue ethics) to unethical organizational behavior; and the positivist approach that relies on formulating hypotheses about unethical behavior and then testing them through experimental methods to arrive to certain conclusions (Brand, 2009).

Although the philosophical papers formulate an intellectually illuminating discourse, their impact on the practice of business – at least on the short- and midterm – is minimal. The positivist papers address much more practical questions, and their most common research topics are the antecedents of unethical behavior (e.g., Treviño, den Nieuwenboer and Kish-Gephart, 2014), and its impacts on organizational outcomes (e.g., Cialdini et al., 2019). These papers mostly apply surveys or experiments to test their hypotheses, and their design is almost always cross sectional, while longitudinal studies are rare, but not unprecedented (see e.g., Murphy, 2005; Kaptein, 2010). Also, the results of this type of research are expressed as to be generalizable, nomothetic truth statements.

When reflecting on my professional experiences and the academic business ethics literature I found that the most important gap is related to how unethical behavior starts to occur in organizations, and how it becomes pervasive over time. While there is a lot written about correlations between different personal/organizational variables and measurements of the level of unethical intentions and behaviors, there is surprisingly little written about the processes that contribute to the proliferation of immoral behavioral patterns. Again, there are some exceptions, such as the influential study of Ashforth and Anand (2003) on how corruption is normalized in organizations, the paper of den Nieuwenboer and Kaptein (2008) discussing social identity processes as spirals into corruption, or the article by Zuber (2015) analyzing the spread of unethical behavior through a network perspective. However, this line of thought carries a lot less weight in the literature, despite having the potential of providing invaluable insights to the practitioners in business organizations on how to understand and act against the spread of unethical behavior. This led me to formulate my overall research questions as follows:

How do organizations become unethical?

To define the most important term in this question, I would like to point out that throughout this dissertation, unethical and immoral behavior, as well as wrongdoing are used to refer to actions that are committed within or by an organization and they may or may not be illegal, but they would clearly be deemed inappropriate and harmful by relatively impartial societal observers. Examples would include corruption; cheating and lying for monetary gains for an individual or the organization; harming stakeholders physically or mentally; or blatantly disregarding environmental and/or societal externalities.

I would also like to explicitly state a basic assumption and an axiomatic starting point of this dissertation: unethical behavior in business is a societal problem. It is possible to try and find a *why* for this by tying it to business performance as it is done by Trudel and Cotte, (2009) but I find this concerning. I agree with the point of Paine (2000) that the 'ethics pays' argument suggests "that ethics must be legitimated by economics, it devalues ethics as an independent point of reference on the quality of life and society." (Paine, 2000, p. 329). This standpoint is clearly not value-free, and in order to show how this fits well with my dissertation, next I will clarify two epistemological foundations of my research.

First, I need to highlight that I do not follow the positivist (or post-positivist) research paradigm. Instead, my work is situated in the realm of naturalistic inquiry (Lincoln and Guba, 1985). It is good to point out that the word *paradigm* here is not used exactly in the Kuhnian sense (Kuhn, 1970), but as it is defined by Lincoln and Guba, (1985), as a system of ideas and methods that are used for uncovering truth statements about the nature of reality, regardless of discipline.

The dominant positivist assumption in academic research is that the observer (the knower) can be fully separated from the observed (the known) and this is necessary to achieve objective observation (knowledge). One of the basic tenets of naturalistic research posits, however, that no inquiry can be completely objective. Even behind rigorous scientific research, there is always a person or a group of persons who arrive at certain findings about a subject. Instead of trying to hide this, naturalistic inquirers are encouraged to account for their presence in the knowledge acquisition process and critically reflect on their work (Denzin and Lincoln, 2018b). This is why much of this dissertation is written using the first-person perspective, using '*I*', when describing my own work, and '*we*' where I present work co-authored with my supervisor.

Second, I build my research on a transdisciplinary approach.[1] As its name suggests, transdisciplinarity requires that a problem – such as unethical behavior in business – is studied from multiple perspectives. Such work necessarily spans over the boundaries of traditional academic disciplines, leading to multidisciplinary, interdisciplinary and transdisciplinary approaches. Several descriptions have been provided to differentiate between these approaches but the one that provides the most readily available understanding

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[1] Most of the next two paragraphs are reproduced from the paper (Sneider, 2020a)

is a metaphor originally presented by Basarab Nicolescu and referenced by Baracskai and Dörfler (2017). In this metaphor disciplines are represented by birds in their cages. A mono-disciplinary approach is depicted by one bird in one cage. The single bird observes the problem space outside from its cage, and this results in a distorted and partial representation. However, this fact remains hidden for the bird inside the cage due to its lack of any meta-knowledge. Multidisciplinarity is represented by allowing more birds in their cages to observe the problem-space. The birds even communicate their observations to each other; however, this results in a complicated, but not complex view, as the songs of the birds are mostly incommensurable due to their different ontological, epistemological, and methodological axioms. Interdisciplinarity arises when a bird is brought from its own cage to that of another bird. They share ideas, concepts and/or methods, and if the work is of high quality, the result can be meaningful knowledge creation that is more complex and less complicated. Still, the incommensurable aspects between the host and the guest bird may not be resolved and the limitation of the cage is still present. Transdisciplinary inquiry is represented by opening the cages and letting the birds fly outside. Most of them will probably choose to return to their cages, but some might learn songs from other birds perfectly and contribute to knowledge creation 'in the no man's land between cages'. Such knowledge can be fully complex without being complicated.

Transdisciplinary, thus, means not only going across but also going beyond disciplines (Klein, 2009). The concept was first used by Jean Piaget, (1972), but it was later fully conceptualized by Basarab Nicolescu (2002). The conceptual framework of transdisciplinarity rests not only on the proposition of multiple levels of reality and the axiom of the included middle (Nicolescu, 2014), but it also integrates the concepts of complexity (Cilliers and Nicolescu, 2012), knowledge integration (Hoffmann, Pohl and Hering, 2017), and problem-solving in the lifeworld (Hirsch Hadorn *et al.*, 2008). Mono-disciplinary research looks only at one level of reality, where the axiom of the excluded middle holds, i.e., something cannot be 'A' and 'non-A' at the same time. Transdisciplinary research, on the other hand, can incorporate multiple levels of reality, and this allows for the possibility of what Nicolescu, (2002) calls 'T', or the 'hidden third', that is the synthesis of 'A' and 'non-A'. This does not invalidate mono-disciplinary logic, only constrains its validity. This can be demonstrated with an example from physics: Newtonian physics worked well with the logic of the excluded middle but when it came to quantum physics and elementary particles, physicists realized that different logical rules applied there, since, using the

terminology of Nicolescu, they were looking at a different level of reality. Social studies, in general, have not been doing so well in terms of overcoming a constrained, single-level view of reality. In this domain, there is still an overwhelming dominance of what Hayek has called scientism (Hayek, 1942), i.e., the imitation of the natural sciences through the use of tools and methods to create objective and detached knowledge.

Building on the two previous statements, I contend that in social studies, i.e., in problems that concern persons, organizations or societies, no research can be value-free. This is particularly relevant to the subject matter of business ethics, the domain in which my inquiry is mostly situated.

Business ethics, at its core, has a purpose to contribute to the common good. I consider the increased scholarly activity in business ethics as a positive phenomenon – as will be elaborated later – but I would like to address the challenge of whether the burgeoning literature contributes to the relationship of business and the common good. My concern is that the research and publication activity driven by the 'publish or perish' principle is mostly of a "L'art pour l'art" nature and has minimal impact on the practice of business. I find this problematic, because advancing the common good cannot happen only through contributions to a theoretical literature that, according to Brenkert, (2019) has little reach outside of a relatively small circle of academics. However, when one is immersed in the contemporary business ethics literature, this seems to be the dominant motive.

As a result, I see two major issues with contemporary business ethics literature. First, they fail to address deep theoretical questions, and second, they do not integrate real-life challenges that actors in the business world are facing. The first problem is perhaps best expressed by Kenneth Goodpaster in the following quote: "It is my conviction that while we talk well about interests and rights and duties and virtues, these are sort of coat-hangers in the closet of ethics. We have not penetrated those to the place where they get difficult. We say we want to maximize the good, or we want to pursue the common good. But when we start edging up to the notion of the common good, we begin to realize that different people have different notions of what is the common good. And so, in a peacemaking gesture, we back off and we try to find something less controversial" (Bevan 2020).

The second problem lies in what I would call the missing appetite for translational research in business ethics. The evaluative nature of business ethics is provided by papers that seemingly try to inform business on what behaviors, principles, values, virtues they should

consider acting ethically. "The assumption is that if individuals, who are engaged in immoral actions, are confronted with reasonable moral principles and values whose implications are worked out for the ethical situation at hand, they will come to a different ethical view which they will then act on" (Brenkert, 2019). This is problematic because theorizing does not necessarily result in behavior change. To understand moral change, we have to go beyond moral discussions and dive into solving real problems that business actors are facing, which is also the way transdisciplinary research is conducted. The starting point must be a problem, not a gap in the literature, and the outcome would be an enacted solution which also contributes to theoretical understanding.

It is the goal of this dissertation to address these two problems when looking at unethical behavior in business. It is important to highlight that my intention is not to devalue anything that has been achieved by the business ethics community in the past four to five decades. As Bevan (2020) mentions, the pioneers of business ethics have laid down incredible foundation for a field whose name in itself was considered an oxymoron earlier. However, to stay relevant, and true to its purpose of contributing to the common good, business ethics needs reflection and new directions. The incorporation of a transdisciplinarity approach, a complexity-informed perspective and the understanding of narratives, I suggest, can be an effective way for both.

The structure of the dissertation

This is a paper-based dissertation, meaning that each chapter (except the Introduction and the Summary) incorporates a paper that has been published or is under review for publication. Table 1 provides a summary of the papers that constitute the subsequent chapters of the dissertation.

Chapter (Paper) Title	Publication	Reference
Unethical behavior and business culture: a case for business ethics in Hungary	Conference proceedings: *FIKUSZ 2019 - Symposium For Young Researchers*.	Sneider (2019)
How Organizations Lose Their Way: Unethical Behavior and Moral Disengagement in Complex Organizational Context	Journal of Business & Professional ethics	Sneider (in press)

Unethical Behavior in Organizations – An Agent Based Approach	Conference proceedings: *58th International Scientific Conference on Economic and Social Development*	Sneider (2020b)
Social Media Companies' Accountability: The Case of Facebook's Narratives	Under review at KOME	Sneider and Komlósi (under review)

Table 1 Papers in the dissertation

The structure of the dissertation reflects the process through which I tried to address my main research question during my doctoral studies. This process can be best described by what Baracskai, Dörfler and Kádár (2016) call tentative problem-solving, referencing (Karl Popper, 1974). This process starts with an initial problem – in my case: unethical behavior becoming pervasive in business organizations. This is followed by an attempt, or multiple attempts for finding a tentative solution or solutions for the problem. For me, this is reflected in the papers included in this dissertation. The next step is error elimination, which in my case happened mostly through the publication processes related to my longer papers (the second and the fourth in the dissertation), each being submitted to multiple established academic journals, going through multiple rounds of reviews, and in some cases being rejected, while for at least one, being accepted for publication. The outcome of this process, however, is not so much a final result, but rather a new problem that can trigger a new iteration of tentative problem-solving. This process is visualized in Figure 1. The rest of this chapter provides an overview of the papers in this dissertation, explaining their goals, methods and findings.
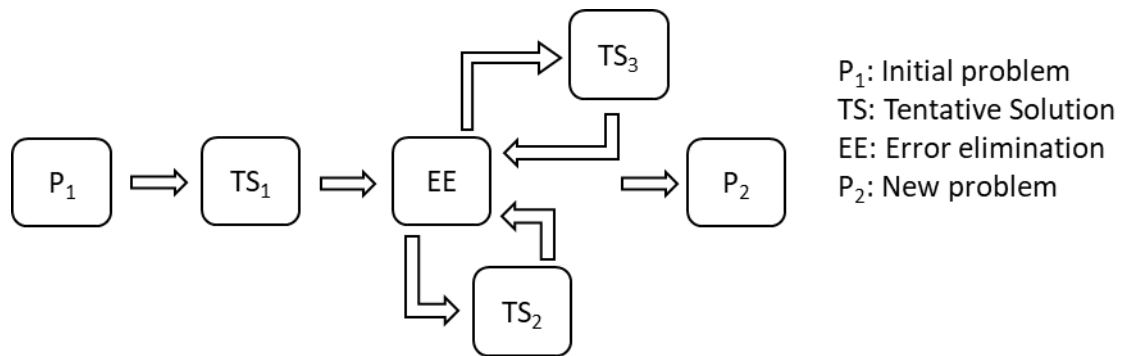
Figure 1: Tentative problem-solving process. Source: own elaboration based on Baracskai, Dörfler

and Kádár, (2016)

The first paper, titled "Unethical behavior and business culture: a case for business ethics in Hungary" serves two purposes in this dissertation. First, it provides a brief introduction into the field of business ethics through a quick historical glance at its evolution since the 1970's and an overview of the topics discussed and researched by business ethics scholars. Second, it reveals one of my motivations to work with this subject, namely that in my native country, Hungary, it is still a severely underrepresented area in the academic discourse about business. In this paper, I try to find the answer to the questions: how can we understand widespread unethical behavior in Hungarian business organizations through the reflection of national business culture and what can we do to improve the situation?

Today, those of us who are familiar with the burgeoning literature of business ethics might take the international recognition of this field for granted. However, barely a generation ago, studies in business ethics were not only nonexistent, but even the concept itself was mostly thought of as an oxymoron (de George, 2006). The pioneers of business ethics as an academic discipline had to establish some main tenets first, most importantly that questions of morality can and must be studied in relation to business activity, as the practice of business is not a purely technical, engineering-like activity. Therefore, research on business cannot be a purely objective and descriptive endeavor, like most of the natural sciences.

Throughout the last five decades, business ethics has become an established academic discipline with several highly ranked journals, such as the Journal of Business Ethics, Business Ethics Quarterly, Business and Society, Business Ethics, the Environment & Responsibility, Business and Society Review, Business and Professional Ethics Journal, and perhaps several others. In the year 2020 alone, 440 original research articles were published in the journals named above, and this excludes book reviews, review papers, editorials,

corrections, commentaries, and lectures. On top of that, journals with a general business scope more often publish ethics related pieces, and publishing in very highly ranked management journals like those of the Academy of Management is even a greater achievement for management scholars dealing with business ethics.

However, business ethics research has had a limited penetration so far in Hungary. With a few prominent exceptions, business ethics research is scarce and the relevance of business ethics courses in undergraduate (BA/BSc) and graduate (MA/MSc) business studies is low, as I found out by researching the available curricula of Hungarian business universities. This is especially unfortunate, because the business activity in post-socialist countries, like Hungary is heavily impacted by the prevalence of cronyism and corruption (Soulsby, Remišová and Steger, 2021), and business culture seems to be lacking a general trust infrastructure (Szerb and Kocsis-Kisantal, 2008).

I argue in the first paper that this needs to change and the academic community studying business needs to put more emphasis on business ethics. I am not saying, however, that trivial research topics, like those into the implementation of ethics codes should gain prevalence. Indeed, we already know that in such an environment, ethics codes and other similar measures can backfire and become counterproductive to the moral elevation of business activity (Remišová, Lašáková and Kirchmayer, 2019). My point is rather that business ethics research in general should receive more attention, and a generation of university lecturers should be 'raised' who can provide a different perspective to students in business faculties. This is how my research fits into the picture as well, as I do not focus on business ethics in Hungary but try to contribute to the understanding of ethics related phenomena in a non-geographically bounded way.

The second paper of the dissertation aims at addressing the first main component in my research – the integration of complexity into business ethics. The research question of this paper is: how can we understand the spread of unethical behavior in organizations when conceptualized as complex adaptive systems? In this study, I look specifically at unethical behavior in organizations, the examples of which have been widely studied by business ethicists. I connect unethical behavior with moral disengagement and organizational culture, and the most important novelty of this work is provided by taking a complexity-informed approach into understanding how these factors interact in a dynamic way.

This is a conceptual paper which takes a critical tone towards the mainstream research paradigm in business ethics. According to Brand (2009), most business ethics research papers rely on a positivist or post-positivist approach, using cross-sectional surveys and statistical analysis as a standard method (Campbell and Cowton, 2015). This is supported by the underlying assumption in the academic community of business and management studies that methods pioneered by the natural sciences are equally successful when studying social phenomena (Mowles, Stacey and Griffin, 2008). As a result, methodological individualism is the dominant perspective (de Graaf, 2006), through which the subject of the study is an individual agent being observed from an objective perspective, and any higher level of organization (e.g., a department, a company, an industry) is treated as nothing more than a simple aggregate of individual agents or lower-level organizations. I am challenging this by building on the concept of complex adaptive systems.

Based on the definition Miller and Page (2009) complex adaptive systems are comprised of interacting and thoughtful agents, and by understanding the behavior of the agents separately, these systems cannot be understood as a whole. It is only by studying the whole system that we can understands its patterns of behavior and its continuous evolution. In this paper, organizations are conceptualized as complex adaptive systems in which transformative and stabilizing processes based on feedback loops take place continuously. These mechanisms result in the emergent patterns of culture and norms in the organization, which in turn determine if unethical behavior can become pervasive. Ethical culture and climate have been widely studied in the business ethics literature (Victor and Cullen, 1987; Treviño, Butterfield and McCabe, 1998) but much of this research takes a static approach and tries to build correlations between factors of the organizational context and some measure of unethical intentions or behavior. These attempts can certainly be useful in furthering our general understanding about what elements in an organizational culture can be conducive to unethical behavior, but they fail answer the question: how do organizations *become* immoral? By relying on the complex adaptive system view of the organization, I am focusing on the processes that drive the organization from one state to another, for example from a state where unethical behavior is not tolerated to a state where it is accepted or even encouraged.

I build on previous empirical research that has shown how moral disengagement is related to unethical behavior and several other negative organizational outcomes, but research

related to organizational level moral disengagement is rare (Newman *et al.*, 2019). In this paper I propose a new way of understanding the dynamics of moral disengagement, organizational culture, and unethical behavior. I introduce the concepts of phase transition, circular causality, and feedback loops in order to understand this process and in the discussion section I illustrate through real life examples how this unfolds.

This paper can serve as the theoretical basis for future empirical research on unethical behavior in organizations. Surveys and experiments may still serve as a starting point for understanding the current state in relation to unethical behavior in an organization, but to get a deeper understanding of the ethical elements of the organizational culture, and how they change over time, researchers really need to get closer to the organization. This is where the double perspective I can take becomes valuable: on the one hand, I understand the analytical methods and the bird's eye view of academics, on the other hand, as a full-time employee in a multinational organization, I know that certain elements of the culture can only be understood by those who *live it* on a day-to-day basis. Thus, I encourage research that is built on the active involvement of the members of organizations, or where researchers take ample time to become integrated enough into an organizations life to be able to decipher its culture and its relation to unethical behavior.

In the third paper, I take a deeper dive into the world of complex systems and introduce an initial attempt of modelling the patterns of unethical behavior in organizations with this approach. The research question posed in this paper is the following: how can we use agent based computational modelling to simulate the spread of unethical behavior in order to understand the interaction of certain organizational and personal factors?

This conference paper is an introductory description of a model building process that might be continued later, but I did not pursue this activity to its completion during my doctoral studies as I was focusing on another research project that is be presented in the subsequent paper. Still, I contend that this work constitutes a valuable contribution to the integration of novel conceptual approaches in business ethics. With that said this paper has the following three goals: (i) summarize the basic understanding of computational modelling and how this is used in social and organizational studies; (ii) find which parts of the existing literature in business ethics can be used to build a computational model; and (iii) build an initial model that can be revised in further iterations.

To understand the ontological foundations of computational modelling in complex systems, we need to understand the difference between *complicated* and *complex* (Miller and Page, 2009). This can be summarized as follows: in a complicated system, the elements that constitute the system are mostly independent from each other and their properties and functions within the system can be understood by removing them and studying them separately. In a complex system however, the dependence between the elements is of utmost importance and removing an element fundamentally changes the system in a way that is not deducible from the properties of the element that has been removed. This is also referred to as emergence. Computational modelling that incorporates the basic features of complexity can be used to understand social systems with emergent properties, from such trivial examples as the patterns of applause in a theatre (Néda *et al.*, 2000) to highly abstract ones as leadership in organizations (Will, 2016).

In business ethics, the use of computational modelling as a method is rare, but not unprecedented (Zuber, 2015). However, some models that were constructed for different purposes can serve as a basis for building an agent-based model of unethical behavior in organizations. The model presented in the paper builds on the widely referenced work of Treviño (1986) and on the two-factor model of Zsolnai, (2013b).

I used the NetLogo (Wilensky, 1999) modelling environment and programmed the agents in the model with initial endowments of *score* and *ethicality* and the context around the agents (simulating for example an organization) with two general variables, one representing the *relative cost of ethical behavior* and another that is named *diversity*. I describe some initial observations from running the simulations, but it needs to be highlighted that a serious analysis requires other tools and methods to be employed. This leaves the door open for the continuation of this research project.

The fourth and final paper of the dissertation – co-authored with my supervisor, professor László Imre Komlósi, – integrates another main component to business ethics: narratives. This paper also takes a different perspective from the previous two papers. The topic is still the unethical behavior of organizations, but it is viewed through the lens of societal discourse. Also, we have a more specific focus and look at social media companies in particular. Our research question is the following: how can we understand the accountability of social media companies for their potentially harmful societal impact through different narratives and discourse analysis?

Social media has become a very serious factor in people's lives recently and as a result social media companies have become central political actors. Following earlier research in the business and society literature, (Calton and Payne, 2003; Capriotti, 2009; Schrempf, 2012; Anastasiadis, 2014; Baur and Arenas, 2014; Scherer, Palazzo and Matten, 2014; Nyberg and Murray, 2020) we build our inquiry on the assumption that the role of corporations today extends way beyond making profit for their shareholders. Companies have an active role in traditionally political functions such as dealing with environmental challenges, providing public goods, or public administration (Baur and Arenas, 2014; Scherer, Palazzo and Matten, 2014). Whether social media giants or governments are prepared for this or not, public views are massively influenced through social media platforms, they are used to organize protests and movements, and their operating mechanisms can even sway elections. All of this entails serious moral responsibilities and that is why we thought this is an important to topic to discuss.

We address the topic through a case study, which is the 2019 congressional hearing of Facebook's founder, majority owner and CEO, Mark Zuckerberg. We found that using a case study is appropriate because in such emerging human affairs, concrete, context dependent knowledge can often be more useful than attempts at formulating predictive and universal theories (Flyvbjerg, 2006). We analyze the congressional hearing as a text that represent such discourse, and we highlight the narratives used by Zuckerberg and the members of the congressional committee, and we incorporate tools from argumentation theory into our analysis. This reflects the transdisciplinary nature of this work specifically.

We find that trough the hearing, Zuckerberg attempts to tell a story in which Facebook is the protagonist of American patriotism and western capitalism while also working continuously to improve and get better at serving communities. Many of the committee members show a strongly opposing views to that as they seem to be convinced that the company's actions are about nothing more than growth and increasing profit. What makes it difficult to find an agreement here is the lack of epistemic competence by any involved persons or groups. This stems from 'the problem of knowledge', as conceptualized by Willard, (1996), which refers to the fact there is no expert knowledge or specialized knowledge that can claim hegemony over complex social-moral issues as they require the involvement and intersection of multiple expertise. Organizing this, however, becomes increasingly difficult in such highly polarized environments as the political arena of most western countries. Our contribution in

this debate is not that we argue for one side or the other, but that we uncover the nature and essence of the arguments and narratives used in practical settings.

The four papers that constitute the core of this dissertation are not reflective of linear, planned-ahead research agenda that is usually presented in such works. But it is fully reflective of the tentative problem-solving process approach that I took during the doctoral studies. I deeply explored the epistemology that underlies business ethics research and formulated a view on how we better study the dynamic of changing ethical behavior in organizations. In the meantime, I remained curious about the societal perspective and understanding how the unethical behavior of corporations integrates into the wider societal context. This implies the integration of research on two different levels of reality which is only possible through the transdisciplinary view that I wanted to apply from the beginning of my studies.

Unethical behavior and business culture: a case for business ethics in Hungary

Abstract

This is an opinion paper based on a literature review in the field of business ethics. Internationally, business ethics has been a maturing discipline since the 1970's, while in Hungary, with a few prominent exceptions, it has been a largely neglected subject in the business and management discourse. It is argued that these domains cannot be value-free, and issues related to Hungarian business culture could be addressed by placing a greater emphasis on ethical implications in research and education on these fields.

Keywords: business ethics, business culture, social traps, crony capitalism, enactment of moral change

Introduction

Business ethics as a concept was an oxymoron a few decades ago (de George, 2006) but in the last two to three decades there has been a growing interest in the academic literature about concerns of ethicality in business. The large corporate scandals, such as those of Enron, WorldCom, Volkswagen and many others have seemingly attracted interest from researchers globally, as they are very often referenced in high quality journal articles and books in the now established field of business ethics (Dhir, 2013).

In mainstream economic schools, business is often thought of as value-free (Moriarty, 2017); this is perhaps best illustrated by the so-called Friedmann doctrine: the business of business is business (Friedman, 1970). However, prominent scholars have argued that business at the very least needs to have ethical considerations, but it should rather be fundamentally based on ethical principles (Zsolnai, 2013a). Having studied in business schools in my graduate and undergraduate studies, I have witnessed how the mainstream approach provides the foundation of business education in Hungary, and how people with such education become fundamentally resistant to propositions that question this foundation. This can be a problem though, especially in a society where the institutions of the market economy are not well

established, and the purely self-interested behavior of the supposedly rational economic agents can lead to socially undesirable outcomes for all.

In this essay, I argue that there are some serious problems that can be considered as cultural phenomena in Hungarian business life and increasing activity in business ethics education can be one way to start addressing these issues. I first give an overview about business ethics in an international context, then I turn to the concept of culture in business, focusing on a problem-centered approach in trying to decipher Hungarian business culture, and then I present my arguments for placing more emphasis on business ethics in business schools.

Business Ethics

In this section I discuss what business ethics is, using the conceptual framework of De George (2006). De George identifies three separate strands of how this term can be understood. The first is a general "ethics-in-business", which means thinking about moral issues related to business. This is something that has existed way before business or even economics became accepted disciplines, and its two somewhat separate branches are grounded in philosophy and religion. The second strand is business ethics as an academic discipline, and the novelty in this strand that started to develop in the 1970's was that it aimed to study ethical issues in business in a systematic way. The first branch of this is the normative approach, based on using philosophical frameworks to understand and address the ethical issues, while the second branch is descriptive, based on social scientific approach. The third strand can be understood as the incorporation of ethics to business, and it refers to regulation of issues with high moral content. This can take the form of government regulation, codes of conduct, ethical boards, ethics officers, ethical training programs, but we can also list the institutionalized corporate social responsibility (CSR) of corporations as part of this strand. This classification of business ethics is illustrated on Figure 2.
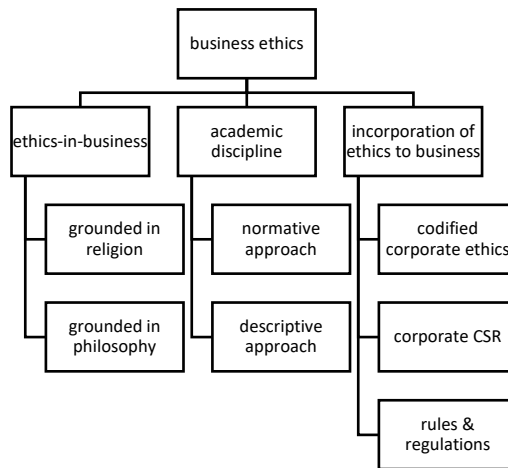
Figure 2: The classification of business ethics. Source: own elaboration based on (de George, 2006)

In this essay, I use the concept of business ethics to refer mostly to the second strand described by De George, although I believe that these strands are also highly intertwined, and there are overlaps between them. Business ethics thus can be defined as an enterprise that deals systematically with moral issues in business and is different from mainstream business and economic schools in its basic axioms. Within this enterprise there are two generally distinct approaches, a normative/critical and a social-scientific/descriptive approach (Donaldson and Dunfee, 1999). The former is usually more theoretical, being close to applied ethics in philosophy while the latter is empirical with strong ties to cognitive and behavioral psychology. In this sense business ethics does not have an established paradigm, as defined by Kuhn (1970) and its two distinct approaches can be understood as research programs as defined by Lakatos (1978).

The Business Ethics entry in the Stanford Encyclopedia of Philosophy provides a good overview of the normative approach to business ethics (Moriarty, 2017). This branch of business ethics deals with the moral agency of corporations, the ends and means of corporate governance, the relationship between firms and their customers, firms and their employees, and firms and their environment. Also, there are different philosophical frameworks that are applied to assess these issues, such as Aristotelian virtue ethics, Kantian deontology, Rawlsian view of justice as fairness and also utilitarianism that is interpreted in a much broader sense than in the mainstream business discourse.

An earlier review by Treviño, Weaver and Reynolds, (2006) and a more recent one by Tenbrunsel and Chugh, (2015) summarize the most important themes in the descriptive

branch of business ethics that is also referred to as behavioral ethics. One subject here is the self, and specifically how individuals view themselves in relation to ethics and morality. Key concepts in this line of research include self-threats, moral disengagement, depletion and the slippery slope of unethical behavior. Another topic is the intentional and unintentional nature of unethical behavior, that is built on the dual-process model of human cognition. The question here is not whether unintentional ethical behavior based on automaticity exists, but how this can be mitigated. Ethical and unethical behavior is also influenced by one's environment, be it social relationships, organizations, or economic factors.

Has the proliferation of business ethics, as a scholarly discipline contributed to making business globally more ethical? Brenkert (2019) argues that this is not necessarily the case, and that the ever-present ethical problems of business remind us, that the impact of business ethics research on practice has been limited. He points out that there is a large gap between norms formed by the academic business ethic community and the majority of practitioners doing business. It is especially difficult to achieve results on a global scale, since there are no globally accepted moral standards of conducting business. However, corporations that dominate the world of business, can have a negative impact through propagating "unethics" (Zsolnai, 2018a), but they can also have a positive impact by disseminating positive norms and values as described by Witzel, (2018). Witzel argues that following high ethical standards is ultimately beneficial for firms and encourages leaders to embed ethics as a fundamental basis of their organizations.

Hungarian Business Culture

The role of culture in business as a research topic is also relatively young, with the most cited scholars of the domain having written their groundworks in the 1980's and 1990's. Studies about culture can be divided into two larger categories, the first looking at the micro level, with organizational or corporate culture as their main subject (e.g. [Denison, 1990], Schein, 2010]), and the second focusing on the impact of national culture on business (e.g. [Hofstede, Hofstede and Minkov, 2010], [Trompenaars and Hampden-Turner, 1997]). One way of understanding business culture in Hungary is using the frameworks of the latter group, and I turn to this first.

The Hofstede model (Hofstede, Hofstede and Minkov, 2010)) describes 6 dimensions that best describe "the collective programming of the mind that distinguishes the members of one

group or category of people from others" (Hofstede, Hofstede and Minkov, 2010, p. 5). The dimensions are power distance; individualism versus collectivism; masculinity versus femininity; uncertainty-avoidance; long-term versus short-term orientation; and indulgence versus restraint. If we look at the data that is available about Hungarian culture based on this model (Hofstede Insights, 2019), we find that scores of individualism, masculinity and uncertainty avoidance are really high, while power distance and long-term orientation scores are average and the indulgence score is rather low. To put this into perspective, other Eastern European EU member countries that went through the transition from a planned economy to a market economy in the 1990's (Czechia, Slovakia, Poland, Romania, Bulgaria, Slovenia, Croatia) score similarly in several dimensions, but they usually have a substantially lower score in the masculinity and individualism dimensions. However, these findings have been challenged from a methodological perspective, and other culture surveys have found remarkably different results in some dimensions (Falk Bánó, 2014).

Trompenaars (1997) has a similar approach, but uses different dimensions in his culture model: universalism versus particularism; individualism versus communitarianism; neutral versus emotional; specific versus diffuse; achievement versus ascription; sequential time versus synchronous time; and internal direction versus external direction. Here, Hungary is rather universalist, neutral, specific and achievement oriented, but again these results are disputed by other researchers (Falk Bánó, 2014).

This descriptive information can be useful if we want to compare certain countries, or if want to prepare a particular business measure in a certain location, and we want to make sure that they are not completely clashing with some general cultural trait in that location. For example, if the HR department of a multinational company wants to introduce a 360-degree feedback system, it has to do that very differently in a country with high power distance compared to a country with a low score in this measure. For my purposes in this essay, however, we need a different approach of looking at culture. Definitions of culture often contain an element that concentrates on how a community (whether it is a corporation or a nation) solves its problems (Schein, 2010). Based on this, I will continue with focusing on problems that business in Hungary is facing.

Hankiss (2017) discusses in detail the problem of social traps, and how they are present in the Hungarian social, political and business communities. His level of analysis is societal, but I believe that it resonates well with how businesses operate in Hungary and has important

implications on this level as well. Social traps are self-perpetuating mechanisms that are out of the control of the community; they are the consequences of the pursuit of narrowly defined self-interest by the members of the community and they result in loss of welfare for the whole community. The tragedy of the commons (Hardin, 1968) is a perfect illustration of such a trap, where it is the rational narrowly defined self-interest of each herdsman to keep adding more animals to their herd while it is slowly but surely leading to the degradation of the commons thus resulting in the loss of welfare for each individual.

According to Hankiss, (2017), Hungary in the present is full of social traps that prohibit welfare and growth for many. Historical heritage of Hungary is one of the starting points, as there have been many decisions, behaviors, trends and traditions that led to the constantly lagging development compared to Western Europe. Then there is the lack of a clear mission or at least some sort of positioning on where we want to be in the future. This has led to a general view in society, and in business that we are playing a zero-sum game. If one wins, the other has to lose. And as we have seen above, if the game is played this way, at the end everyone will be worse off. One of the worst manifestations of this is rampant corruption.

Corruption, if narrowly defined, refers to the misuse of public office, but it can be understood in a wider sense as the misuse of any entrusted authority to achieve private gain. In this sense, the irresponsible behavior of business manager that leads to the bankruptcy of a private firm can also be corruption. As Hankiss (2017), describes the greatest danger in corruption is that it leads to the formation of "neurosis", when people believe that corruption is the norm and this is how the world – especially the world of business – works. This general belief weakens the "immune system" of society, destroys integrity, and makes ethical behavior look naïve, pointless or even stupid.

Another important dimension that describes Hungarian business culture is its relation to the state. It is common knowledge, that Hungary had a socialist economy before, and transformed to a capitalist system in 1990. Kornai (2007) posed the question 17 years later, if there really was a transformation, and based on data, his answer is a clear yes, but he also points out that this transformation was very rapid on a historical scale, and therefore people's adaption to the new capitalist system was and still is encountering difficulties. In a more recent book, Kornai (2017) discusses the changes in the economic and political environment that happened since 2010, and he concludes that Hungary's economy is capitalistic, but the political system is what he refers to as an autocracy. In such a state, the relationship between

economic actors and the political leadership is different from what can be observed in liberal democracies, such as the United States or most Western European countries. There is a larger division between companies that are favored by the government and those that are not, which creates an unlevel playing field, and inspires behaviors that are different from the predictions of economic and social theories that were developed based on western societies.

The narratives about business in Hungary are also relevant. Szerb and Kocsis-Kisantal, (2008) provide empirical evidence that entrepreneurs, who in a Schumpeterian sense are the main drivers of the development in a capitalist system, are usually depicted very negatively in Hungarian public discourse. As they describe, risk-taking, innovativeness and self-provision were not considered values in the socialist system for generations, and those who were socialized without these values were suddenly operating in a system, where these values should have been the keys for success. Also, the lack of experience from the part of the regulators made it possible for many individuals to acquire wealth in a way that would certainly have been illegal with a properly functioning regulatory system. This has led to the formation of the stereotypes about entrepreneurs and businesspeople, that create a vicious cycle by decreasing trust in these people, which leads to increasing bureaucracy, which in turn leads to inefficient economic mechanisms, which motivates entrepreneurs and business managers to find loopholes in the system, which in turn strengthens the narrative about them as shifty, immoral individuals that do not respect the law.

A Case for Business Ethics in Hungary

The previous sections make it clear that the question for Hungary is not if there should be more emphasis on business ethics but on how this could and should be achieved. If Hungary is ever to catch up with the societal achievements of Western Europe, the business culture needs to be transformed dramatically, and business ethics can lead the way in this.

Let us look at the current situation of business ethics as an academic discipline in Hungary. We can say that, with a few prominent exceptions, business ethics does not have an active considerable representation in Hungary today. On the undergraduate (BA/BSc) and graduate (MA/MSc) level, business ethics courses are usually either missing from, or are only optional parts of curricula in the large business schools (e.g. Corvinus University of Budapest, Budapest Business School, Budapest University of Technology and Economics, University of Pécs). Courses related sustainability and CSR do occur somewhat more frequently, but

they are also not integral part of the programs that are supposed to train future business managers. Regarding academic publications in Hungarian language that relate to business ethics, we can find a similar scarcity. After a search in the database of the Hungarian economic/business journals that are rated A or B by the Economics Section of the Hungarian Academy of Sciences, it has been found that it is almost exclusively the Budapest Management Review that has published business ethics related articles in the last decade (e.g. (Bencsik *et al.*, 2018), (Csillag, 2018)). Again, if CSR is considered as part of business ethics, then the list of publications is a bit broader, but still far from being in the mainstream.

As mentioned in the previous paragraph, there are some notable exceptions though. The Business Ethics Center of Corvinus University of Budapest, led by professor László Zsolnai has engaged in high quality, internationally relevant research for more than 25 years. Their achievements include acting as an organizer or co-organizer of 17 international conferences, 250 scientific publications, 144 conference and workshop presentations, and several courses developed and taught at Hungarian and other European universities (Zsolnai, 2018b). Another noteworthy development is the activity of the Pallas Athene Books publishing company, that translates up-to-date economic and business books to Hungarian language, and in less than two years they published two books that are directly about business ethics (Bowles, 2016; Witzel, 2018).

Initiating more academic activity in business ethics is far from being the solution to the issue of widespread unethical behavior in business, as it is pointed out by Brenkert, (2019). There needs to be a plan for the enactment of moral change, that fits into the economic, social and political environment. But this plan has to be constructed somewhere, and it is argued here, that the starting point could, and perhaps should be the academic community. As Hankiss (2017) points out, in the years since 1990 there has been a confusion in terms of what political and economic system model Hungary should follow and consequently what social values in business are to be respected and widely enforced by the general public. Right after the fall of the socialist regime, the country seemed to move towards a neoliberal ideology, where the market takes a primary role and close-to-laissez-faire rules apply. But after a few years, when the negative sides of such a system became painstakingly visible through to high level of unemployment and unequal distribution of wealth and income, there was a strong nostalgia for the years when Hungary was the happiest barrack, and populist slogans against the free market became more and more popular (Kornai, 2017). There is no quick fix for this

confusion of values and the crony capitalism that exists today in this country, and this is why the focus should be on the long-term goal of establishing clear values in business. Universities can not do this alone, but they can certainly contribute by establishing, representing and cultivating values in future businesspeople.

Business schools can have counterarguments on why they cannot engage in such an enterprise. First there could be the argument that the function of universities is to spread knowledge, not values. This is surely not possible today however, when a large proportion of teenagers and young adults spend years of their lives at universities, and this inevitably makes it part of their socialization process (Harland and Pickering, 2011). Universities will convey values to students, the questions is only whether business schools take the responsibility to engage in the deliberation of what these values should be in their case, or they leave it to the students to deduce whatever values they can from the principles of business and economics that they are taught. Second, it can be argued that the students with a business degree need to find their way in today's business environment either on the labor market or as entrepreneurs, and business ethics training does not provide what is demanded by this environment. This may be true, but it is also shortsightedness, if universities just want to produce what the labor market currently demands (Axelrod, 2002).

There could be several other arguments for and against increasing emphasis on business ethics in Hungarian business education, but the main point here is this: even if there is no strong empirical evidence that business ethics training has immediate impact on unethical behavior in developed western societies (Wang and Calvano, 2015), those who train the next generation of businesspeople in Hungary have to realize that ethical considerations in business must be addressed in a systematic manner if we ever hope to improve our business culture. And, as discussed in the first section, this is exactly what business ethics as a discipline (the second strand) does. I would argue, that the ethics-in-business approach (the first strand) is not enough, as people make moral judgements about every aspect of their lives, including business, but if their moral compass is not functioning properly, these judgements will not lead to socially beneficial behavior. On the other hand, the incorporation of ethics (the third strand) will also not be effective, if it is not backed by genuine belief in the good of business ethics. For example, codes of ethics at corporations may be ineffective or may even be counterproductive in terms of ethical behavior, if they are not suitable for the context in which they are introduced (Helin and Sandström, 2010).

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Conclusions

Business ethics can be understood in different ways, and in this essay, I followed the conceptual framework of De George (2006) that describes three different strands of business ethics: the general ethics-in-business approach; business ethics as an academic discipline; and the incorporation of ethics into corporate regulation and codes. There is no overarching agreement that the development of business ethics as a discipline had tangible impact on business, especially on a global level (Brenkert, 2019), but there are several researchers who argue that ethics pays (Trudel and Cotte, 2009; Blazovich and Cook, 2011) while others argue that having an emphasis on ethics in business provides long term benefits that may or may not be measurable in monetary terms (Paine, 2000; Witzel, 2018).

I have argued that Hungarian business culture has some glaring issues and that an increasing role of business ethics could foster the needed improvement in this regard. One can describe culture with descriptive data, but I have focused on an approach which looks at the problems that businesses face in Hungary. Business organizations have to form certain attitudes and behavioral strategies to cope with these problems and this shapes the overall business culture of the country. Based on empirical data (Szerb and Kocsis-Kisantal, 2008) and the assessment of renowned experts of different disciplines (Hankiss, 2017; Kornai, 2017) we can see that unethical behavior is pervasive and entrenched in the practices of economic actors on all levels. Increased emphasis on research and education of business ethics is not going to solve this problem alone, but it can help raise awareness and it might cultivate values and ideas in the future generation of business leaders that are largely neglected today.

How Organizations Lose Their Way: Unethical Behavior and Moral Disengagement in Complex Organizational Context

Abstract

Unethical behavior in organizations has garnered more and more attention in the last decades but most of the scholarly work has used a static approach relying on methodological individualism and a mechanistic worldview when studying this topic. The process of moral disengagement and organizational culture have been linked to the prevalence of unethical behavior earlier, but this paper uses a complexity-informed systems perspective to explore the dynamic relationship of these concepts and aims to improve our understanding of the often unnoticeable, step-by-step process through which organizational cultures can become conducive to unethical behavior. Organizations are conceptualized as complex adaptive systems in which transformative and stabilizing processes based on feedback loops take place continuously. It is discussed how these processes can lead to a phase transition driving organizations towards a state where unethical behavior is the general norm. The process is illustrated through real-life examples.

Keywords: unethical behavior, moral disengagement, organizational culture, complex adaptive systems

Introduction

The majority of economic activities today are pursued by business organizations whose key feature is that they distribute financial liability. However, they also distribute, therefore, diffuse moral liability. Combined with globalization, where stakeholders, employees, and consumers are sometimes separated by continents, the situation often tends towards a "tragedy of the commons at a global scale" (Zsolnai, 2018a).

About fifteen years ago, Spitzer (2006) talked about an "ethics crisis", referring to the then current WorldCom, Enron, Arthur Andersen and similar major corporate scandals. He suggested that solving this crisis requires more than the implementation of compliance measures and increasing the amount of ethics education. It requires getting to the "heart of

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the problem". So, how are we, collectively, getting along with that? The continued emergence of accounts on corporate misbehavior shows that we are not doing well. This is illustrated by the fact that the popular streaming service provider, Netflix, now hosts a documentary series, titled "Dirty Money", that is dedicated almost entirely to reporting on organizational wrongdoing, and emphasizes the process of how organizations 'lose their way'.

Boeing provided one of the more recent examples of a high-profile debacle where unethical behavior in the organization resulted in serious societal harm. In 2019, all 737 Max airplanes – a brand new model introduced just the year before, - were grounded as two crashes of such planes resulted in the death of 346 people. The reason for both accidents was found to be a design flaw, which can be attributed to cost saving efforts overruling safety considerations during the development process. This situation raises many important questions, but an especially intriguing one is how a company that was previously considered an American icon, with a culture built around engineering prowess and excellence in innovation turned into an organization where unethical behavior was widespread and the goal of maximizing profit trumped all other considerations (Bloomberg, 2020).

Unethical behavior in organizations has garnered more and more attention in the last decades and it has become an established research topic in business ethics. In this paper, unethical behavior refers to actions that are committed within or by an organization and they may or may not be illegal, but they would clearly be deemed inappropriate and harmful by relatively impartial societal observers. Examples would include corruption; cheating and lying for monetary gains for an individual or the organization; harming stakeholders physically or mentally; or blatantly disregarding environmental and/or societal externalities. Researchers have studied antecedents of unethical behavior, and these can be grouped into (i) ethical infrastructure; (ii) interpersonal influences; (iii) individual influences; (iv) cognitive processes; and (v) affective processes (Treviño, den Nieuwenboer and Kish-Gephart, 2014). It has also been shown that ethical and unethical behavior have an impact on several important organizational outcomes, such as job satisfaction, organizational commitment, organizational citizenship, deviant behavior, and turnover intentions (Cialdini *et al.*, 2019).

This body of research has helped to understand general relations of different factors that lead to unethical behavior in organizational context, but a major limitation of these studies is their undeclared subscription to the underlying assumptions of positivism, methodological

individualism and a mechanistic view of systems. Stacey & Mowles (2016) describe how this worldview became prominent in management scholarship and led to misguided thinking about business strategies, ignoring concepts like circular causality, interdependence of systems and non-linearity. As discussed by Painter-Morland, (2008), the same worldview has been dominant in business ethics as well, being manifested in assumptions such as independent moral agency, objective moral imperatives and universally applicable practices pertaining to ethics in a business environment. This leads to a form of ethical inquiry that necessarily excludes the dynamics of real-world business organizations and in turn contributes to the dissociation of ethics from the practice of business.

One of the remedies to this state of affairs is to revisit basic philosophical assumptions about ethics and management practices. As part of this endeavor, we need to challenge the belief that "phenomena could only be meaningfully described in terms of stable systems of elements governed by predictable cause-and effect relationships" (Painter-Morland, 2008, p. 117) and conceptualize organizations as complex adaptive systems. As the lack of efficacy of corporate codes of ethics, ethics trainings and similar attempts at curbing unethical behavior in organizations has shown (Painter-Morland, 2008), we have yet to develop a comprehensive understanding of what drives unethical behavior in organizations and what are the truly effective ways of containing and impeding it. This calls for new ways of understanding organizational phenomena that so far have mostly been studied from the perspective of the mechanistic worldview. These will need to lead to findings that are dynamic (instead of static) and applicable to the particular (instead of pertaining only to the general).

Taking this as our point of departure, this paper is intended to contribute to understanding the dynamic of unethical behavior in organizations while conceptualizing them as complex adaptive systems. This still covers a plethora of factors and mechanisms that contribute to and result from unethical behavior, and an inquiry trying to summarize all of those goes beyond the confines of this paper. Therefore, the objective here is to address a couple of specific business ethics related concepts that have barely or not at all been studied from a complexity-informed systems perspective.

The first such concept is moral disengagement, a psychological process described by Albert Bandura (2016). Extensive research has already linked moral disengagement with unethical behavior in business organizations (Newman *et al.*, 2019), but much of it is burdened with a

lack of conceptual clarity, as what is being studied is often a trait-like concept of 'propensity to moral disengagement', as opposed to a process that unfolds over time (Schaefer and Bouwmeester, 2020). Also, almost all of the research related to moral disengagement looks only at the individual level and not the level of the organization (Newman *et al.*, 2019). Both of these gaps are addressed in the following sections.

To help conceptualize moral disengagement on the organizational level, the second main concept used in this paper, organizational culture will be introduced. There are many different definitions of what constitutes the culture of an organization, but most of these are also built on a static and mechanistic view. To allow us to tap into organizational dynamics, the three layer model of Edgar Schein (2010) is used as the basis of understanding organizational culture and its changes in relation to unethical behavior.

Therefore, the pronounced aim of this paper is to understand the dynamic interaction of organizational culture and moral disengagement that can lead to prevalent unethical behavior in organizations. The rest of the paper is structured as follows: the first section gives an introduction to systems theories and the concept of complex adaptive systems. In the second section, a review of the research on unethical behavior in organizations is provided. This review is not meant to be exhaustive and comprehensive (for such a review see, for example, (Treviño et al., 2014) as it serves rather to point out the gaps and limitations of the mostly positivist and methodologically individualist approaches. In the third section, moral disengagement is discussed in detail and a conceptualization of this construct on the organizational level is proposed with the help of Schein's model of organizational culture. Subsequently, a proposal for the representation of the dynamic interplay among moral disengagement, organizational culture and unethical behavior is developed. In the discussion section examples of unethical behavior in corporations are analyzed which illustrate how the described processes work in particular business organizations.

Complex Adaptive Systems

When discussing the origins of systems theories, Laszlo and Krippner, (1998) start with the philosophy of organisms devised by Alfre North Whitehead, the biological advances of Paul A. Weiss and the comprehensive attempt of Ludwig von Bertalanffy to formulate a general theory of systems. Bertalanffy (1969) claimed that such a theory "can ask for principles applying to systems in general irrespective of whether they are physical, biological, or

sociological in nature" (Bertalanffy, 1969, p. 33). The most important insight from Bertalanffy that is relevant to this paper is that systems in general have constitutive characteristics which means that their properties originate not only from the properties of their parts but from their relation to each other in space and time, which thus leads to complexity.

Despite its claim to general applicability, Bertalanffy's system theory is less often referenced in social and organizational studies. With work originating in sociology, however, Niklas Luhmann contributed to the integration of a systems perspective into the social sciences. Instead of defining systems based on their constitutive parts and their interactions, Luhmann defined systems as a distinction between the system and its environment. This was inspired by Spencer Brown's calculus and Maturana's concept of autopoietic systems which are capable of producing and maintaining their own boundaries (Roth, Valentinov and Clausen, 2020). One of the main purposes of a system in a Luhmannian sense is to decrease complexity through creating and maintaining a complexity differential between itself and the environment (Valentinov and Roth, 2018). This leads to Luhmann's concept of operational closure, postulating that contrary to machines and mechanistic systems, autopoetic systems are self-designed and self-maintaining and, therefore, all their operations are internally produced. This seems contradictory to one of the main tenets of Bertalanffy's systemic openness, but Luhmann stated that "[…] all openness is based on the closure of the system". In somewhat more detail, this means that only operationally closed systems can develop a high level of inner complexity, which can then serve to specify the respects in which the system reacts to conditions of its environment, while in all other respects, thanks to its autopoiesis, it can remain indifferent (Valentinov & Roth, 2018, p. 5).

However, in Luhmann's account, morality is inherently external to the systems of economics, politics or the media, and this understanding might even render the concept of business ethics meaningless. Therefore, although informed by the Luhmannian perspective of social systems, this paper will continue to rely more heavily on the perspective of systems theory which takes actions, not communication as the basic elements of social systems. This approach can more readily be associated with evolutionary processes in social systems, describing how the intensifying flows of people, information, energy, and goods can transcend the boundaries of these systems, evolving through convergence towards

progressively higher levels of organization (Laszlo and Krippner, 1998). This allows for a close association to the quest of business ethics, since

> "[…] general evolution theory provides a conceptual foundation for theories and tenets of evolutionary consciousness, evolutionary action, and evolutionary ethics. It suggests that human destiny can be placed in human hands, since it postulates moving toward conscious evolutionary strategies by which to guide the sustainable development of human communities. When this theory is combined with the emancipatory systems approach, a normative imperative emerges for the proactive design — or redesign — of the human future. It accents the empowerment of individuals and groups through the envisioning and subsequent co-creation of evolutionary pathways to desired future states of multiperson evolutionary systems."
> (Laszlo and Krippner, 1998, p. 19)

To arrive to the conceptualization of organizations as complex adaptive systems, the notion of systems has been discussed so far, but some elaboration on the terms 'complex' and 'adaptive' is still due. The concept of complexity appears in the works of both Bertalanffy and Luhmann, but it is not defined by either of them. In spite of – or perhaps because of – its frequent use, complexity came to have different meanings, some relying on the concept of entropy, others using information, and again others focusing on diversity of hierarchical levels as a key determinant in their definitions (Eidelson, 1997). Cilliers (2002) provides the following description of complex systems, focusing on the difference between complicated and complex:

> "If a system – despite the fact that it may consist of a huge number of components - can be given a complete description in terms of its individual constituents, such a system is merely complicated. Things like jumbo jets or computers are complicated. In a complex system, on the other hand, the interaction among constituents of the system, and the interaction between the system and its environment, are of such a nature that the system as a whole cannot be fully understood simply by analyzing its components. Moreover, these relationships are not fixed, but shift and change, often as a result of self-organization. This can result in novel features, usually referred to in terms of emergent properties." (Cilliers, 2002, p. ix)

Emergence, an important concept in the theory of complex systems, can be understood as the formulation of aggregate-level behavior that is the result of localized, individual behavior, but studying the individual, or summarizing information about many individuals will not provide an understanding of the aggregate level. A simple example is that of visual perception of an image that is made up of pixels. Knowing the color, shape, or size of one pixel, or even those of all the pixels, will not enable us to see what is on the image (Miller and Page, 2009).

Finally, why is it also necessary to highlight that complex systems are – and need to be – adaptive? This follows from the second part of the quote above, as the continuous self-organization of complex systems results not only in their boundary setting but also in continuous change. Complex systems constantly transform and replace their components; they recreate themselves through structural changes (Capra, 2002). Changes in systems rely on input from the environment but they are best understood not by concentrating on single action-reaction instances but on feedback mechanisms. Feedback refers to information about an event that is supplied to the elements that are causally responsible for the occurrence, and therefore, they have an impact on subsequent occurrences of similar events (Bertalanffy, 1969). Negative feedback mechanisms can lead to homeostatic processes while positive feedback loops can lead to amplification and the spread of change (Miller and Page, 2009). Therefore, understanding a complex system requires an understanding of its adaptation processes.

These premises give rise to the concept of complex adaptive systems. This paper will build on the definition of Miller and Page (2009) who describe complex adaptive systems as being comprised of interacting and thoughtful agents, in which by understanding the behavior of the agents separately, systems cannot be understood as a whole. It is only by studying the whole system that we can understands its patterns of behavior and its continuous evolution. The concept of complex adaptive systems has been used – among many others – in studying supply chains (Surana *et al.*, 2005); the spread of innovation (Rogers *et al.*, 2005); organizational change (Dooley, 1997); and leadership (Schneider and Somers, 2006). In some disciplines, such as economics, complex systems approaches have gained more traction in the recent decades (Arthur, 1999; Holt, Rosser Jr and Colander, 2011) but they are still not part of the mainstream (Van den Berg, 2018). Although some scholars in business ethics, such as Mollie Painter-Morland (2008) and Patricia Werhane (2008) have explicitly

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called for a complexity-informed approach, complexity has had a limited reach in business ethics so far, as pointed out by Preiser and Cilliers (2010). The next chapter presents a discussion of why this is problematic when pursuing research on unethical behavior in organizations and how we can do better.

Unethical Behavior in Organizations

The general approach to researching unethical behavior in organizations

Scholars have long engaged in trying to uncover the antecedents and consequences of unethical behavior in organizations and several models have been proposed on how individuals make decisions and behave in ethically challenging organizational situations (e.g. (Schwartz, 2016; Treviño, 1986; Treviño et al., 2006). It has also been widely studied how unethical behavior is related to concepts on the organizational level. Ethical climate (Victor and Cullen, 1987) and ethical culture (Treviño et al., 1998) have most frequently been used to provide an understanding on why unethical behavior is more common in certain organizations than in others (Newman *et al.*, 2017). Robust empirical evidence supports that cognitive moral development (Kohlberg, 1984), a moral philosophy of idealism and relativism (Forsyth, 1980), Machiavellianism, locus of control, job satisfaction, ethical climate (Victor and Cullen, 1987) and ethical culture are related to unethical choices, intentions and behavior (Kish-Gephart, Harrison and Treviño, 2010). Treviño et al. (2014) provide a comprehensive overview of the concepts and constructs on the organizational and individual level that have been studied in relation to unethical behavior.

While this body of research has led to some robust findings, Brand (2009) raises the issue that much of the work done in this area relies on a positivist or post-positivist approach, using cross-sectional surveys and statistical analysis as a standard method. In business ethics, just like in business related research in general, there is an often unstated assumption that methods that led to useful findings in the natural sciences are equally successful when studying social phenomena, such as business organizations (Mowles, Stacey and Griffin, 2008). This results in the dominance of methodological individualism, where the subject of the study is an individual agent being observed from an objective perspective, and any higher level of organization (e.g. a department, a company, an industry) is treated as nothing more than a simple aggregate of individual agents or lower level organizations. Based on this assumption, "[e]thics surveys and climate studies are regularly employed, but are mostly

incapable of detecting or describing the tacit, unwritten rules that are the primary source of moral orientation in many organizations (Painter-Morland, 2008, p. 5).”

As Campbell and Cowton (2015) point out, many of the 'larger questions' in ethics are intractable with the methods that are generally used by the majority of empirical business ethics researchers. This is not an objection to positivistic, hypothetico-deductive research in business ethics, but an attempt to point out its limitations and question its sheer dominance. The conception and development of theory can take several different routes without giving up scientific rigor (Lincoln and Guba, 1986). Alas, some questions are particularly difficult to answer by using data from Likert-scale surveys and their statistical analyses. If it is shown that a variable, for example Machiavellianism is related to unethical behavior in organizations, we might want to know how this actually unfolds. If there is some level of Machiavellianism in some individuals, will this make the whole organization a bit more unethical? Or a lot more unethical? And how fast does this occur? Such questions require a dynamic view of the organization.

Understanding unethical behavior through a complex adaptive systems approach

Similar to much of the social sciences, traditional modelling approaches in business ethics implicitly assume disorganized complexity (Weaver, 1948) where organized complexity would be an appropriate assumption (Miller and Page, 2009). This is important because in disorganized complexity the impact of phenomena that deviate from the mean are expected to average out; the occurrence of an extreme value to one end is supposed to be rare and it is supposed to be compensated by another rare extreme occurrence to the other end. However, interdependent occurrences in complex systems can reinforce each other and this can result in emergent behaviors on the level of the system, such as self-organization and phase transition.

Self-organization keeps systems in a relatively stable state without or with limited outside influence. Glance and Huberman (1994) analyzed how relatively stable strategies of handling social dilemmas are formed in groups. The group as a whole tends to maintain either a high level of cooperation or a very low one or, alternatively, they are in the transformation from one state to another. According to Glance and Huberman (1994) the transformation of an organization dominated by defection strategies into wide-spread cooperation (or the other-way around) is often initiated by a few members on the lowest level of the hierarchy.

A *phase transition* occurs when a system's behavior changes recognizably, that is to say it shows qualitatively different behavior after passing a critical point. This is best illustrated with the change of substance's state from liquid to solid as a result of decreasing temperature (Eidelson, 1997). The interesting point is that the direct cause of the phase transition could seem negligible if interpreted outside the context of the system. Cooling a bowl of water by one degree, in most cases has little effect on the overall properties of it, however, when a critical point, zero Celsius is reached, cooling it by one-degree results in a significant change. Similarly, the behavior of an individual, in most cases will have little impact on the norms of an organization, but in some cases, it might result in pushing the system over the edge and significantly altering organizational norms. Kim and Lee (2019) developed a computational model to illustrate how collective corruption in organizations can be understood as a percolation-like process. They point out that up to some point, corrupt agents in the organization are considered to be deviant from the norm but as collective corruption unfolds little by little, a phase transition occurs, and corrupt action becomes generally accepted.

Therefore, it is argued here that studying how unethical behavior spreads through the relations between the members of the organization is particularly important. Some research looks specifically at peer influence on unethical behavior (e.g. O'Fallon and Butterfield, 2012; Brunner and Ostermaier, 2019), but such studies also tend to use a static, methodologically individualistic approach, where the subjects receive one input and make one decision based on that, thus circular causality is not captured. Brass et al. (1998) advanced this discussion by connecting findings about the relationship of unethical behavior to personal and organizational characteristics with social network theory.

Inputs and decisions in organizations occur continuously and form feedback loops that are the basis for complex system phenomena. Thus, a dynamic complex systems approach can help better understand different aspects of unethical behavior in organizations. In the next section, the notion of moral disengagement is introduced, and it is discussed how Schein's model of organizational culture can help conceptualize it at the level of the organization, contributing to the system-wide processes of unethical behavior.

Moral Disengagement in Organizations

Moral disengagement

Moral disengagement (Bandura, 2016) refers to a set of psychological mechanisms which allow otherwise decent individuals with high moral standards to selectively disengage from their self-restraining and self-sanctioning cognitive processes. The mechanisms operate at the behavior locus, by (i) providing moral justifications, (ii) euphemistic labelling, and (iii) advantageous comparisons; at the agency locus by the (iv) displacement, and (v) diffusion of responsibility; at the outcome locus by (vi) minimizing, ignoring or misconstruing the consequences; and at the victim locus by the (vii) attribution of blame to the victims, and their (viii) dehumanization.

Moral disengagement mechanisms can be understood as ways for coping with cognitive dissonance (Festinger, 1957). When someone committing a moral transgression provides justifications, s/he aims to reduce the uncomfortable idea of being unethical by appealing to the righteous ends that necessitated the use of immoral means. Euphemistic labelling is used, when the moral content of the act is changed through the distorted use of language, such as calling theft 'borrowing' or a lie 'inaccuracy'. Advantageous comparisons also make it possible for the individual to feel that even if s/he did make a 'mistake', others have done far worse, and, therefore, in relative terms s/he can still be considered an ethical person. Displacement of responsibility allows the individual to blame someone or something else for the transgression – in an organizational context, claiming that the person acted on orders by a superior is perhaps the most typical case. Diffusion of responsibility works similarly, but in this case some minimal share in responsibility might be assumed by the individual, but the transgression is seen as committed by a group, therefore proclaiming the individual as a sole unethical perpetrator is pictured to be unjustified. Minimizing, ignoring or misconstruing the consequences is a fairly straightforward 'strategy' with the help of which the transgressor can find self-exoneration and preserve an ethical self-image. Attribution of blame to the victims also allows the person who acts unethically to clear his or her own responsibility, since those who fell victim to an immoral act supposedly brought it on themselves through some personal weakness or a mistake of their own. In extreme cases, the victims can be dehumanized, meaning that causing harm to them is not even considered unethical, since they are considered inferior in some way and do not deserve to be treated equally to other members of the society.

It has been studied how moral disengagement is related to ethical decision making and unethical behavior in organizations, and other morally relevant constructs, such as

Machiavellianism, moral identity, empathy, ethical leadership and destructive deviance (Barsky, 2011; Bonner et al., 2016; Moore, 2008; Moore et al., 2012; Yıldız et al., 2015). However, Schaefer and Bouwmeester (2020) highlight that research related to moral disengagement is burdened by lack of conceptual clarity. The reason for this is that some studies work with the dispositional aspect of moral disengagement, also referred to as the propensity to morally disengage (Moore *et al.*, 2012), while others follow Bandura's original (Bandura, 1990) and reinforced (Bandura, 2018) understanding of moral disengagement as a process. However, this significant difference on the conceptual level is rarely clarified in the research papers. This is important, because dispositional moral disengagement and process moral disengagement help us understand two distinct causes of unethical behavior in organizations. The former contributes to the narrative of 'bad apples', i.e., that individuals in an organization with specific character traits drive the organization towards unethical behavior, while the latter helps to see how even generally virtuous individuals can become culprits in highly unethical wrongdoing. In this paper, the concept of process moral disengagement is used, as this helps to capture the dynamic aspect of how organizations become more (or less) unethical.

Another conceptual difficulty around moral disengagement that has been pointed out by Schaefer and Bouwmeester (2020) and earlier by Johnson and Buckley, (2015) is that it is mostly studied at the level of the individual, and hardly any research exists related to moral disengagement at the organizational level. In their comprehensive literature review on moral disengagement at work environments Newman et al. (2019) find that when organizational level research on moral disengagement is done, it is still most often a summation of individual measurements, and this relates back to the concerns raised earlier in relation to methodological individualism.

Understanding how the process of moral disengagement transcends from the individual to the organization level requires an organic (as opposed to a mechanistic) view of organizations. This leads to the discussion of the second key concept of this paper: organizational culture.

Organizational culture

As Alvesson (2002) highlights, culture is a complex, fuzzy and holistic phenomenon, and it requires systematic thinking to study organizational culture. However, the cultural models that are perhaps most well-known and most often taught in business schools (Blasco, 2009),

such as the Hofstede model (Hofstede, 2001) only capture a generic and static image that can serve well to show cultural differences, but they fail to provide an understanding of cultural dynamics (Morris *et al.*, 2015).

Schein (2010) has conducted extensive participatory qualitative work that allowed him to observe how culture influences behavior in organizations. He created a three-level model of organizational culture consisting of (i) artifacts (ii) espoused beliefs and values; and (iii) basic underlying assumptions. Artifacts, in this model represent materialized products of the culture, as well as observable behaviors such as a dress code or the style of written communication. Espoused beliefs and values capture what members of the organization consider important driving mechanisms of the organization. For example, if an organization proclaims that the safety of its employees is one of its core values, then it will most likely provide safety related trainings to the employees, safety issues will be discussed before introducing changes in work processes, and the number of safety related incidents will be handled as a key performance indicator. The basic underlying assumptions are the true determinants of the organizational culture, however. These are the things that are not often discussed, and most organizational members are not even consciously aware of how much these influence their behavior. Painter-Morland (2008) calls this the tacit element of an organization's culture, referring to the concept of tacit knowledge from Polanyi (1966), and his insight that we know more than what we can say. Schein focuses most heavily on this third layer, and he defines organizational culture as "a pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration, which has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems" (Schein, 2010).

Treviño et al. (1998) discuss the role that ethical context plays in relation to unethical behavior in organizations. They argue that if the organizational culture is not proactively managed to constrain misconduct, short term business incentives might lead to the erosion of the culture. Although this is fundamentally appealing to those who would like to curb unethical behavior in organizations, the notion of managing the culture is problematic if one does not subscribe to a mechanistic view of organizations. Painter-Morland (2008) discusses in detail how the misunderstanding that the ethical aspect of organizational culture is something that can be measured and then corrected has led to a wide range of misguided

interventions, manifested in ethics codes that are not known or not taken seriously, ineffective ethics trainings, or the installation of ethics officers who are far removed from the actual practice of their organizations. Instead of making businesses more ethical, such measures have resulted in the further dissociation of ethics from business. "The question is not whether or how corporations can influence individual behavior. Instead, we may try to unravel the relationship between individuals and their corporate settings and seek to understand the development and reinforcement of certain tacit beliefs. It entails the careful consideration of these dynamics as they unfold" (Painter-Morland, 2008, p. 127).

The psychological process of moral disengagement that occurs in relation to the work environment can be one of the conceptual tools to understand the moral aspects of the relationship between the individual and the organization. On the one hand, moral disengagement might help resolve the psychological discomfort caused by deviant behavior, on the other hand if deviance becomes common enough, moral disengagement mechanisms themselves can become the norm. If the organizational culture readily offers clues to the employees that aid the process of moral disengagement, it allows them to compartmentalize their actions and thus preserve a moral self-image. Bandura (2016) writes about instances of moral disengagement that happened at companies in the financial services industry. He mentions the example of a trader saying "I leave my ethics at the door" (Bandura, 2016, p. 223) and traders calling their clients 'muppets' regularly, which is a form of dehumanization. Gioia (1992) also highlights the role of organizational culture in how the Pinto case was handled at Ford. He describes how the scripts that were deeply rooted in the organizational culture motivated employees to make decisions about potentially life-threatening issues in terms of 'rational' financial calculations. Thus, they could justify their behavior by appealing to the overall goal of increasing sales and profit. These instances suggest that actions that would have clearly been considered transgressive in most environments were accepted in these companies. Those who engaged in defrauding others or performed cost-benefit analysis using a simple price tag on human life did not have to worry about being regarded as unethical since their actions were within the confines of the organizational norms. The organizational culture protected the self-image of those employees by routinizing moral disengagement and unethical behavior.

But how does the organizational culture come that far? What makes it possible that shared assumptions become so obviously deviant from what is considered acceptable behavior in

the society? Ashforth and Anand (2003) describe how corruption, an obviously transgressive behavior, can be normalized in organizations through institutionalization, rationalization and socialization. In their framework, institutionalization is described in three phases: (i) an initial corruption to act; (ii) embedding corruption in structures and processes; and (iii) routinizing corruption. As rationalizations, they list 'ideologies' that can be equated to the mechanisms of moral disengagement (Newman *et al.*, 2019), and they discuss with the help of socialization how new members in the organization take over corrupt behavior from veterans. The approach of Ashforth and Anand (2003) is one of the rare examples of looking into the process of how unethical behavior becomes pervasive in organizations, i.e., they also look at the dynamic of organizations, not a static image. While using a similar approach, the focus of this paper is different because it concentrates on the role of organizational culture and moral disengagement. In the next section this is developed in detail.

The Dynamic of Moral Disengagement, Organizational Culture and Unethical Behavior

To illustrate a dynamic process of how an organizational culture transforms its moral outlook, a hypothetical initial phase needs to be chosen. The extremes for this, as described by Walton (2001) could be an ideal moral culture, in which the organization "seeks and encourages people of integrity and good moral character, inventing policies and setting work criteria which enable these people to function and interact truthfully" (Walton, 2001, p. 188), or the exact opposite, where the organizational ethos requires members "to lie or look the other way when someone else lies, to falsify documents or retain information, to 'go along to get along', skew my best judgment into what some middle or senior administrator wants me to say or do, approve of what I know is wrong, misleading or harmful, and disapprove of those who try to tell the truth and do responsible work" (Walton, 2001, p. 189). Of course, most organizations will be somewhere in between, but how does this change over time?

When unethical behavior is rarely present at the organization it is likely to be treated as a deviance. Individuals who do engage in such behavior probably have a hard time doing so, as they are likely to receive blame for their actions which leads to psychological discomfort (Lupton and Sarwar, 2021) or in more extreme cases they might be ostracized (Robinson, O'Reilly and Wang, 2013) by their peers. These can be seen as homeostatic responses of the

organization. However, if unethical behavior becomes more common, as a result of a perturbation, such as harsh economic environment, change in leadership or some other external or internal factors, it can start impacting the upper layers of the organizational culture.

Certain actions that were considered transgressive might become less noteworthy and might invoke less negative feedback in the organization. Individuals can increasingly engage in moral disengagement, especially in using favorable comparisons, displacement and diffusion of responsibility. These turn into positive feedback loops, as more unethical behavior prompts more opportunities for moral disengagement strategies, and these can further erode the norms against unethical behavior.

The circular causality that plays out here has been linked to social identity theory by den Nieuwenboer and Kaptein (2008). They differentiate three different downward spirals that drag the organization towards a state where unethical behavior is widespread: the spiral of divergent norms, the spiral of pressures, and the spiral of opportunity. A key feature of these downward spirals is that they rely on self-sustaining processes, that is, a change triggers further changes without further outside input, and as a result "organizational degradation processes may grow in scale over time" (den Nieuwenboer & Kaptein, 2008, pp. 133-134.).

Figure 3. shows a visual representation of the dynamic processes between unethical behavior, moral disengagement and organizational culture. Despite focusing on the role of these factors, it is important to acknowledge that other concepts, that have been discussed in the literature (e.g., ethical leadership [Brown and Treviño, 2006]; ethical climate [Victor and Cullen, 1987]; bounded awareness [Bazerman and Sezer, 2016]) do also impact unethical behavior in the organization. The box with three-dot idea shapes in Figure 3. represents these other factors. The connections on this representation are not the markers of correlations, instead they depict feedback mechanisms and circular causality between the highlighted constructs.
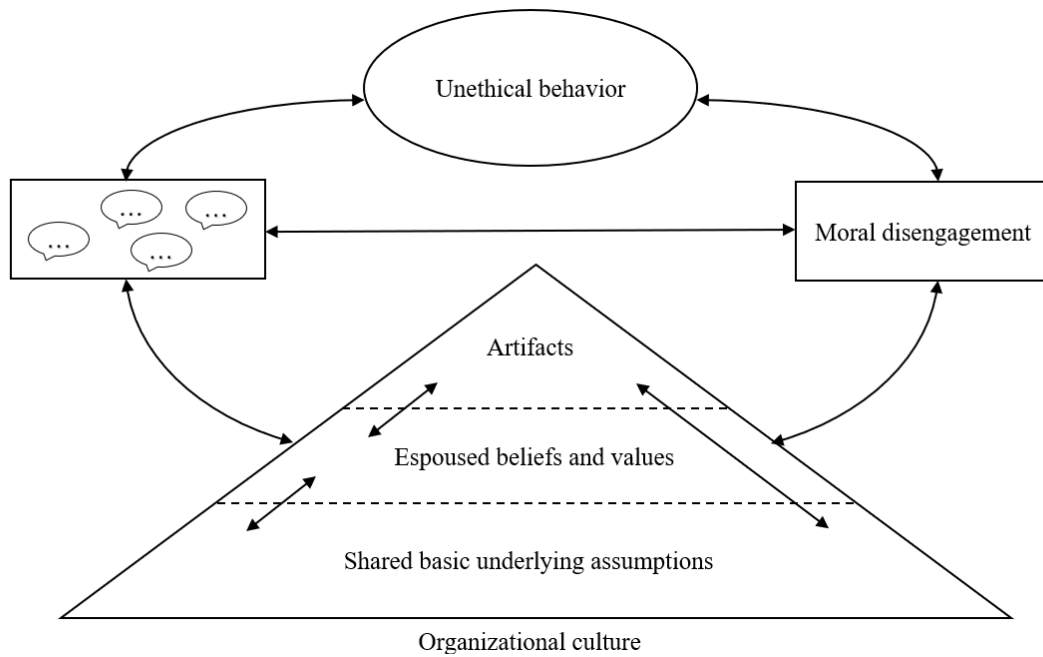
Figure 3: Illustration of the dynamic processes between unethical behavior, moral disengagement

and organizational culture. Source: own elaboration

In this context the process of moral disengagement can be reformulated from a systems perspective. The mechanisms of moral disengagement will not only be attempted by members of the organization, but will be accepted by others, thus providing positive feedback to those who morally disengage from their self-restraining mechanisms and from organizational norms that prevent unethical behaviors. This leads to more unethical behavior that is 'covered-up' by moral disengagement and instead of being treated as deviance, it is accepted again by the organization, prompting more unethical behavior and thus leading to a positive feedback loop. Through this feedback loop, moral disengagement transcends from the level of the individual, where the mechanisms operate to protect the self-image so that there is no dissonance experienced by the self, to the level of the organization where the disengagement process now protects the individual so that there is less dissonance experienced in the organization.

The euphemistic labelling of a device used by Volkswagen for cheating environmental measurements (a case that will be described in a bit more detail later) can serve as an example. This commences with the clearly unethical act of creating a so called 'defeat device', and then starting to call it an 'acoustic function'. One might think that this only aims to keep the project hidden from official documents, but just as importantly this euphemistic labelling absolves individuals from confronting the fact that they are engaging in cheating

that is illegal and highly unethical. Once the euphemistic labelling is taken up by more individuals, a whole team, or even by the whole organization, the protection of the moral self-image is not provided only by the individual but by the community or the whole organization. As a result, the organization is exposed to less or no dissonance in relation to engaging in unethical behavior.

As a result of continuous adaption, at some point the organization arrives to a phase transition, when the norms no longer prevent unethical behavior, but they support it. Not performing misconduct comes to be seen as aberrant (Ashforth and Anand, 2003). At this stage amorality or immorality becomes a basic shared assumption in the organization, and employees start publicly voicing their disregard for ethical standards and endorse unethical behavior as part of how the organization functions. Euphemisms can blend into the language used at the organization, an unquestioned teleopathy (Solas, 2019) towards profit or self-interest can provide moral justification for almost any action, and assuming away any harm, as well as blaming the victim for it can become everyday practice. As a result, unethical behavior becomes pervasive in the organization. This is visualized on Figure 4.
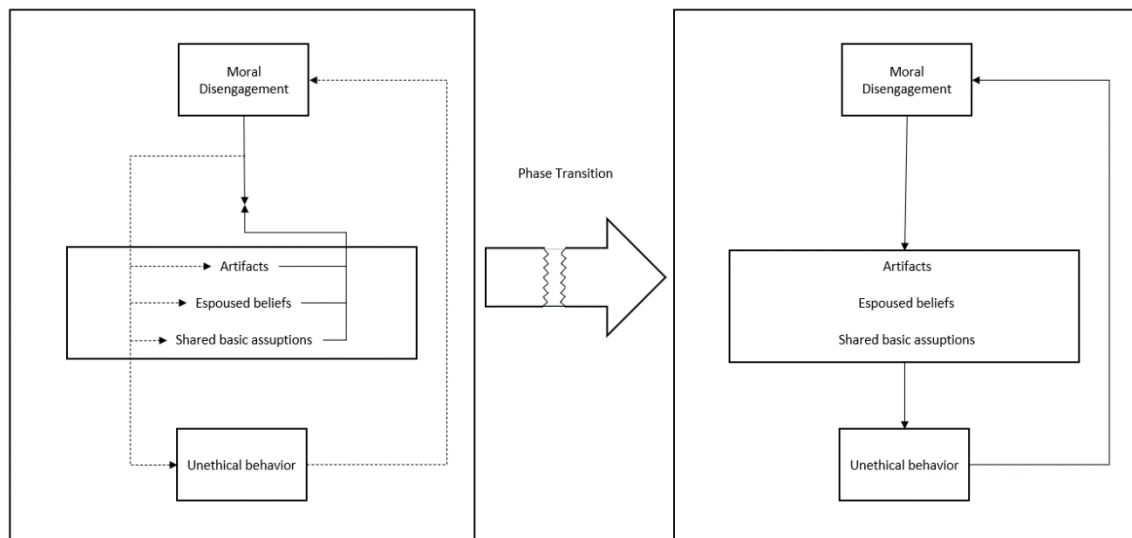
Figure 4: Illustration of a phase transition. Source: own elaboration

Such a state can, unfortunately, also be relatively stable. Newcomers, who join an organization where unethical behavior is so widespread, are most likely to socialize into these conditions (Ashforth and Anand, 2003) or quit the organization. Any attempts at counteracting unethical behavior will be met by negative feedback that keeps the system in the current state. For instance, whistleblowing is often met with different forms of retaliation

that discourage others from voicing concerns (Miceli, Near and Dworkin, 2008). Until a large scandal erupts, this state can also be largely concealed from the outside world as the general dishonesty that governs life within the organization also obscures its own presence, so that the image of a well-functioning organization with exemplary moral values is presented towards casual stakeholders (Walton, 2001).

However, it is possible for a positive feedback loop to emerge and push the organization towards a state where ethical behavior is the norm. Bandura et al. (2000) suggest that making consequences of decisions more salient, instituting clear lines of accountability and exposing sanitizing language to wide audiences can help in counteracting injurious practices caused by moral disengagement. Remišová et al. (2019) argue that comprehensive ethics programs can help shape the organizational culture in a positive way, but as Treviño et al. (1999) rightly point out, this is a long-term process that requires commitment and buy-in form the entirety of the organizations, and the programs need to coincide with a cultural change. It is also highlighted by Treviño et al. (1999) that if ethics programs are perceived only as 'window dressing', they are more likely to be ineffective or counterproductive. In this case the steps that aim to reduce unethical behavior will not be followed by positive feedback mechanisms that could move the system to a different state, instead the employee reactions will act as negative feedback and keep the system in the unethical state. In order to reach a state where moral disengagement and unethical behavior rarely occur, an upward spiral (den Nieuwenboer and Kaptein, 2008) is needed which relies on the change of factors that reinforce each other and lead to further and further positive changes until a phase transition is achieved.

This leads to the reinforcement of the idea that organizations tend to maintain a state with dominantly ethical or unethical norms that form the basis of the organizational culture or they are in a transformation from one state to another. Therefore, studying the system-wide behavior through processes, such as moral disengagement can be more revealing about the moral nature of an organization then a static image presented by cross-sectional data. In the next section, illustrative examples are discussed to show how this is manifested in practice.

Discussion

High profile scandals that result from unethical behavior in organizations have been popping up regularly in the last decades. As discussed before, these tend to come as surprises to the

public, by whose perception the corporations involved are often the embodiment of something valuable, such as carmaker with a century long tradition or an aviation company that has been at the forefront of innovation for many decades. Deception at all levels in such organizations conceals their internal process of moral disintegration. It is only after scandals that seemingly obvious signs of serious ethical issues seem to become visible as being present all over the company.

Relying on the concepts discussed, it can be captured how such processes unfold, when organizations are conceptualized as complex adaptive systems. Understanding such systems requires that we study how feedback mechanisms work and how the interaction of factors leads to emergent properties. The shared assumptions that form the basis of the organizational culture are by definition emergent as they only exist at the level of the organization. Although they are relatively stable, they are never static; they are in constant adaptation, and when driven by positive feedback mechanisms, they can go through a phase transition. This means that an organization which used to have strong ethical values can turn into one where unethical behavior is the norm. This phase transition is illustrated through the cases of Wells Fargo, Volkswagen and Boeing.

Illustrative examples of how organizations lose their way

Wells Fargo, one of the largest banks in the United States was hit with record-breaking fines in 2016, when it was uncovered that employees of the bank had opened more than two million unauthorized checking and savings accounts in the previous five years. This shocked the public not only because of the clear systemic level of fraudulent activity, but also because prior to the scandal, the bank had many accolades and was perceived as an organization with high moral standards, where engagement, integrity and reputation were supposedly important parts of the company culture (Tayan, 2019). An independent investigative report (Shearman & Sterling LLP, 2017) found that when the first signs of a systemic problems with the sales-driven culture of the community banking division emerged, there was a lack of willingness from senior leadership to address the issue. The growing number of terminations resulting from deceitful means to meet sales quotas was a clear indication that it is not only a few 'bad apples' that have engaged in unethical behavior, but that there was a system level problem with the incentives and employees' relations to them. As the report highlights however, "the culture of substantial deference accorded to the lines of business carried over into the control functions" (Shearman & Sterling LLP, 2017, p. 13). By keeping

a transactional focus on individual complaints, the legal, audit, and HR departments were displacing and diffusing responsibility on an institutional level, thereby allowing the wrongdoing to spread and flourish. When it was not possible any more to turn a blind eye to widespread practices of opening unauthorized accounts, the communication about the topic still focused on minimizing and misconstruing the consequences of the criminal activity, by calling the instances 'victimless crimes' and arguing that they caused minimal or no 'customer harm', where 'customer harm' was understood very narrowly as fees and fines paid by the customers because of the unauthorized accounts.

While Wells Fargo had to pay 185 million dollars in fines in 2016 (Tayan, 2019), the financial losses of Volkswagen dwarf this number, as the German carmaker paid 4,3 billion dollars in fines and penalties in the US after the extensive use of defeat devices in emission testing was admitted by the company (Volkswagen Group News, 2017). The devices were used as far back as 2006, but according to Ewing (2017), the root causes of the unethical practice can be traced back even further, and they are rooted in the authoritarian culture based on fear and a chauvinistic drive towards technical dominance and superiority. The highly paradoxical goals and communication at Volkswagen led to a constant dishonest effort in impression management combined with internal and external pressures cascading down the organization, and when individuals were trying to break these pressures, their attempts were met with strong negative feedback that kept the organization-wide unethical practices in place (Gaim, Clegg and Cunha, 2019). Such practices could thrive because of the culture that embraced the mechanisms of moral disengagement, such as the widespread use of an euphemism to refer to the defeat device as an 'acoustic function', frequent moral justification of the fraudulent actions by protecting one's job, and the displacement of responsibility by engineers (arguing that the decisions are made by management) and managers (saying that they were not well-informed about the technical details) alike (Ewing, 2017).

A more recent case is provided by Boeing, where the systemic problems with unethical practices have led not only to financial losses, but to the loss of human lives. The design flaw in the 737 max airplanes directly led to two deadly crashes despite the fact that there is evidence that the problem was recognized and flagged earlier by some employees (The House Committee on Transportation & Infrastructure, 2020). It is certainly important to understand what went wrong from a technical perspective, but it is perhaps just as important

to understand how one of the largest and most prestigious aviation companies in the world could develop an organizational culture, where cost savings can overwrite safety concerns, and voices raised because of such concerns are met with efforts to downplay and disregard the potential consequences and ignoring or even punishing the whistleblower. According to the investigative report of the US Congress (The House Committee on Transportation & Infrastructure, 2020) a merger in 1997 had a big impact on the company, and it shifted its priorities from engineering excellence towards making profit. "Those sentiments, according to many observers and current and former Boeing employees, infected the company. They point to that philosophy, which focused on financial benefit rather than technical solutions and innovation, as setting the stage for many of the issues that ultimately contributed to the crashes of the two 737 MAX aircraft" (The House Committee on Transportation & Infrastructure, 2020, p. 36).

It may seem easy to explain what happened in these cases through the dominance of the profit motive in individuals over following ethical standards, but the people involved in wrongdoing rarely earned any significant extra money (Ewing, 2017; Tayan, 2019). The scale of direct involvement or being complicit in misconduct also invalidates the attempts of blaming 'bad apples', and points to the systemic problems in these companies. The normalization of moral disengagement mechanisms as a basic underlying element of organizational culture emerges as a common theme, and therefore the analysis of such processes seems to be warranted.

Implications for research and practice

As implications and future directions for research, we first contend that much more emphasis needs to be put on a complexity-informed, systems-based approach to research in business ethics. The discussion presented in the current paper is only a small step in this direction, and more needs to follow. Interventions that aim to curb unethical behavior, but are based on a mechanistic worldview are often ineffective or even counterproductive (Painter-Morland, 2008). In order to effectively contain unethical behavior, it needs to be understood how it unfolds over time and what factors play a role in this dynamic.

On a more specific note, the questions of how moral disengagement becomes pervasive in organizations and how it becomes generally accepted or endorsed by organizations deserves more attention as well. As den Nieuwenboer and Kaptein (2008) point out, such questions are difficult to answer with the help of the most commonly used research methods. Looking

at the organization at one point in time and conducting a cross-sectional analysis (for example with the help of surveys) can be a good start. However, when the aim of research is to capture mental processes, such as moral disengagement, cross sectional research designs are not the most suitable tools (Schaefer and Bouwmeester, 2020). To understand the adaptation that takes place, the tools of naturalistic inquiry, such as participant observation, narrative analysis and semi- or unstructured interviews are more suitable. Martin et al. (2014) rightfully "urge organizational scholars interested in ethics to enter the field for extended periods, be it for ethnographic observation or to conduct field experiments" (Martin, Kish-Gephart and Detert, 2014, p. 136).

Also, the processes to the opposite of transitioning into an unethical culture, i.e., moving to a generally ethical norm in an organization is possible and worth studying as well. Scott and Jehn, (2003) highlight that not a lot of research is conducted on what happens to organizations after a debacle. The presented approach may be used for interpreting the process of how an organization moves to a more ethical state. For example, Volkswagen seems to be on the path to recovery through a strategy that relies on replacement, restructuring, redevelopment and rebranding (Welch, 2019), but it remains to be seen how the process of consolidating and restoring of an ethical culture takes place. Such a process could be interesting to follow and document and could further advance the literature on the success factors of ethical programs.

This paper offers practical implications as well. As it has been shown, moral disengagement should not only be addressed on an individual level, but also on the level of organizations. Schein (2010) discusses that deciphering an organizational culture is not an easy task, it requires a strong commitment and a lot of involvement from those who are engaged in such a process. Those who want to understand organizations' culture should also look for clues for moral disengagement at all levels. In organizations where unethical behavior is rampant, the observable factors as well as the underlying ones are likely to show clear traces of embedded moral disengagement, such as widely used euphemisms for transgressive actions, a tendency to elude responsibility by referring to supervisors' orders and widespread practices, or using performance and sales goals to justify almost any form of unethical means to achieve them. However, in organizations where unethical behavior occurs from time to time, it can be especially valuable to identify cultural elements that are in a developing phase. If self-generating processes are spotted early on, it can be easier to install counteractive and

preventive measures that stop the positive feedback loop. Gebler (2006) presents a guide to finding risk factors in the organization's culture. He also mentions that many leaders talk about the importance of culture, still usually not enough effort is put into its continuous assessment.

Ethics programs built on codes and trainings work only if they are supported by an ethical culture. If artifacts are not aligned with the shared underlying assumptions in the organization, and change efforts do not address the emergent features of culture, most likely they are going to serve only as window dressing and what really happens in the organization will be vastly different from what is shown by compliance reports.

Conclusion

Corporate wrongdoing is a serious societal issue, and academic research in business ethics has contributed to our understanding on what personal and organizational traits are related to unethical behavior. However, the literature is dominated by the fundamental assumptions built on methodological individualism and a mechanistic worldview. As a result, most often only a static image of wrongdoing and its potential antecedents are described, leaving the dynamics of how unethical behavior becomes pervasive in organizations a poorly understood phenomenon. The main contribution of our paper is that it provides a complexity-informed perspective on unethical behavior, and its relationship with moral disengagement and organizational culture.

Previous empirical research has shown that moral disengagement is related to unethical behavior and several other negative organizational outcomes, but research related to organizational level moral disengagement is rare (Newman *et al.*, 2019). Also, looking for the connections between unethical behavior and organizational culture has been discussed before (Treviño, Butterfield and McCabe, 1998), but organizational culture in such a context is often understood as a static property, not as a dynamically evolving context that is continuously shaped by the members of the organization. A new way of understanding the dynamics of moral disengagement, organizational culture and unethical behavior is proposed through conceptualizing organizations as complex adaptive systems which evolve over time as a result of circular causality and feedback loops, and occasionally go through phase transitions. When moral disengagement is rare, it occurs as a deviant process, but if it is not controlled by negative feedback mechanisms in the organization, it can become accepted to

use moral disengagement strategies to 'cover up' unethical actions. As a result, moral disengagement appears among the artifacts, and as the self-sustaining process continues it can be openly voiced and finally becomes part of the ingrained norms of the organization. It should be an important goal for organizations to fight against and reverse such processes, but this is only possible if we have a good understanding of how they unfold.

Unethical Behavior in Organizations – An Agent Based Approach

Abstract

This paper introduces an agent-based modelling approach to understanding unethical behavior in organizations. Understanding why people behave unethically is a widely researched topic in the field of business ethics, but researchers tend to use a static approach to this question, resulting in findings with rather limited applicability. This paper builds on the theoretical foundations of complex systems and the method of computational modelling in presenting the process of building an agent-based model that simulates the spread of unethical behavior. The initial observations of this model are discussed along with its limitations and its potential for future improvement.

Keywords: unethical behavior, complex adaptive system, agent-based modelling

Introduction

Understanding the causes and consequences of unethical behavior in organizations is a highly relevant topic in our contemporary business environment. Large companies invest heavily in building up their compliance departments and combating the harmful consequences of unethical behavior, still always new scandals emerge that shock people and often ruin corporations. We can think of the example of Enron, but also more recently Volkswagen or Boeing. It has been a challenge from academic perspective to produce valuable knowledge that can help businesses face this issue.

Scholarly work in that looks at unethical behavior in business mostly follows the standards of cognitive and behavioral psychology, trying to uncover correlational and causal relationships between individual and contextual factors and mental processes that lead individuals to engage in unethical behavior (Treviño, 1986). However, the models produced by this type of research are necessarily static, and always look at one level of reality at a time (individual or organizational).

In this paper I suggest a relatively underutilized approach for studying unethical behavior: computational modelling, and more specifically agent-based modelling. Using an approach

in business ethics which is built on a complex systems approach is not without example, but it is certainly rare. Brass, Butterfield and Skaggs (1998), for example, connected network theory with organizational and personal characteristics to propose hypotheses on what influences the spread of unethical behavior in organizations. Zuber (2015) also proposed a framework which provides a basis for the development of a formal stochastic actor-oriented model of network dynamics which can be used to simulate the spread of unethical behavior. Ashforth and Anand, (2003), as well as den Nieuwenboer and Kaptein (2008) look at the dynamics of the growth of organizational corruption.

Building on these previous works, in this paper, I describe an attempt at creating an agent-based model which can simulate the spread of unethical behavior and can help in understanding the role of certain organizational and personal factors. It is important to highlight that here I only aim to lay down the foundations of this possible research project. Therefore, this paper has the following goals: (i) summarize the basic understanding of computational modelling and how this is used in social and organizational studies; (ii) find which parts of the existing literature in business ethics can be used to build a computational model; and (iii) build an initial model that can be revised in further iterations. The next section starts with an introduction to computational models of social life and continues with the discussion of how this method can be applied in organizational research.

Theory of computational modelling in social sciences

Complex adaptive systems

As Miller and Page, (2009) describe, Adam Smith's analysis of the driving forces of the economy was one of the earliest descriptions of complex systems where the outcomes of the system are the result of the action of independent agents. As social sciences developed, the emphasis shifted from theorizing to tool-building, which led to 'smart but not wise' science. Models built in this tradition are often static and have unrealistic premises, such as very few or infinitely many agents who are not very diverse either. With the help of complex systems science, we can look at 'in between' states and stages that are much closer to real life.

Miller and Page also highlight, that although many traditional mathematical models can provide a good understanding of phenomena that are complicated, they usually break down when being used for complex systems with emergent features. The difference between complicated and complex can best be captured this way: in a complicated system, there may

be various different elements, and they tend to be independent from each other. Removing one element will not change the system's behavior fundamentally. In a complex system however, the dependence between the elements is of utmost importance. In a complex system removing an element changes the dynamics of the system in a way that is not deducible from the properties of the element that has been removed. Therefore, a complicated system can be reduced to its atomic parts, those parts can be studied separately, and the finding can be summed up in order to answer questions about the system, but this is theoretically impossible in case of complex systems. Social agents form complex systems through their connections that may continually undergo adaptive changes. They make choices with the help of their cognitive abilities, but as these are limited they often rely on simplifications and heuristics (Simon, 1997). With computational modelling that incorporates the basic features of complexity, we can investigate issues that are not yet well understood, such as the relationship between agent sophistication and system outcomes, the role of heterogeneity in the robustness of a system, and the role of control on social worlds.

In computational modelling, we want to find out how the lower-level entities form the higher-level entities, i. e. we are interested in emergence. Emergence at its most basic form suggests that the behavior of a system is in some way different from what one can understand by aggregating the behavior of its parts. Well known and established theorems related to emergence are the Law of Large Numbers and the Central Limit Theorem. These are built on the idea of disorganized complexity, where the variation in the variables averages out, since extremely high values are cancelled out by extremely low values. Theorems built on disorganized complexity are useful in an environment where the parts are not interdependent and variable values are random. However, much of the social world exhibits different patterns, what we can call organized complexity. In such cases, the resulting distributions will not be normal, and feedback, especially of the positive type, plays an important role.

In agent-based computational modelling, the aim is to understand bottom-up mechanisms. The models' basic elements are agents, who are endowed with certain features and attributes. The object of investigation is the interaction of these agents, and the systemwide features and attributes that emerge from these interactions.

A potential weakness of computational approaches is that axiomatic proofs may be claimed as superior, as they deductively guarantee their outcome, while computational experiments provide only inductive proof in most cases. However, the deductive elegance often has the

cost of the reduction of the problem and its elements to a level where they do not sufficiently resemble reality anymore. Perhaps the best overall approach is to find where computational models can have added value, and where we should stick to more traditional modelling techniques. Old tools and new ones are not substitutes but complements to each other.

Agent-based modelling in organizational research

Gómez-Cruz, Loaiza Saa and Ortega Hurtado (2017) provide a comprehensive overview of the use of agent-based approaches used in the organizational studies literature. As they point out, organizations inherently contain complexity and uncertainty. However, the use of computational modelling is still not as widely adopted as in other disciplines, especially in natural sciences. They also distinguish three concepts that are interrelated but cover different meanings. Agent-based complex systems refer to the systems in the real world, that can be understood as the result of the interaction of its parts (agents). They display some common features, such as sensitivity to initial conditions and path-dependence. Agent-based models are abstractions of the agent-based complex systems, and they include three key components: (i) the agents that form the system; (ii) an environment; and (iii) the interaction between the agents and the environment. An agent is defined as "an autonomous computational entity that has its own behavior and attributes" (Gómez-Cruz, Loaiza Saa and Ortega Hurtado, 2017, p. 314). In the case of modelling organizations, agents can represent social actors, such as employees, customers or suppliers, but they can also represent entities on a lower level such as 'strategies' (as in game theory) or entities on a higher level, such as clusters or countries. The environment always has a predefined topology that can be a network, a Euclidian space, or a geospatial landscape. Agent-based simulations are the computational implementation of agent-based models and they provide the means for gathering data about the system and its dynamics. As the goal of such simulations is to represent interactions and emergent phenomena that are caused by them, they are usually not focused on technical implementation but on conceptual clarity. In addition to understanding complex phenomena, agent-based models and simulations may also be used for aiding decision-making and problem-solving, thus they can become useful tools in management theory and practice.

Agent-based approaches are specifically suitable for studying organizational behavior, because the most interesting problems are non-linear, and simple causal relationships are overwritten with complex dynamics. Organizations are systems that have autonomous and heterogeneous agents who do not possess global knowledge of the system. They act locally,

in parallel, and distributed ways, that result in discontinuous, non-linear, and asynchronous interactions. The spatial and temporal components are also important, as they provide the opportunity for learning and adaptation.

A specific example of using agent-based modelling in an organizational setting is the analysis of flock leadership by Will (2016). Leadership and management in general are often associated with command and control, however it is pointed out by Will that effective leadership is rather about being able to understand interactive dynamics of the organization. Some groundwork on the theoretical side has been laid down earlier that uses complexity theory as a basis for leadership research, but there is still a lot of room for answering specific questions building on these fundamentals. Will uses a flocking model implemented in NetLogo, that is a specific type of agent-based model suitable for representing autonomous agents' behavior resulting in emergent collective phenomena. In such a model, the agents have specific interaction rules that take into consideration the behavior of other agents in the model. There are three basic types of behavioral rules in Will's model: separation, alignment and coherence. Behavioral rules are translated into spatial concepts, where turning and moving towards or away from peers represents closeness in working out solutions to problems. Three collective behavioral patterns are found and described in the model: convergent, volatile and non-convergent. Convergent patterns are equated to technical capacity in behavioral terms, since they represent a tendency of the group to move forward effectively in the same direction to solve challenges posed by the environment. Volatility is translated into adaptive capacity, as this pattern leads to quick transformations that can be understood as new perspectives and cognitive content. Non-convergence is mapped to incapacity, as the group in this case shows net movement close to zero, meaning that there is a lack of capacity for systematic change. Will uses BehaviorSearch (Stonedahl, 2010), a software that uses a heuristic-based search problem approach to discover the parameter space and generated data in NetLogo. This can lead to identifying rule parameter values that most likely result in specific collective behaviors. For example, it is found that technical capacity is best achieved by a moderately strong separation parameter, very strong alignment and peer exposure parameters and weak coherence and conformity intolerance parameters. Similarly, the parameter setups are discussed for the remaining two collective behavioral patterns.

Models in business ethics

Business ethics is a now established discipline that is centered around studying the questions of morality, as well as ethical and unethical behavior in business. Understanding the causes of unethical behavior in organizations has been an important topic within the business ethics literature since the conception of the field, and despite how dedicated business ethics outlets highlight the importance of conceptual and methodological diversity, there are some dominant trends in how well-accepted research on this topic is done. In this section I discuss these trends through examples and pinpoint some of the limitations they have.

Methodology in business ethics

Most business ethics research is based on the positivist or post-positivist paradigm. "Positivism is a belief system arising out of practices in the natural sciences which assume that matters that are the subject of research are susceptible of being investigated objectively, and that their veracity can be established with a reasonable degree of certainty."(Brand, 2009) Post-positivism, on the other hand, postulates that the world cannot be fully known in its objectivity, but we can get closer and closer to an ideal state of knowledge through setting up hypotheses, and attempting to falsify them. As long as the hypothesis cannot be falsified, it can be accepted as the best possible answer or explanation (Popper, 2002). The practical application of this relies most heavily on verification of hypotheses through statistical significance testing, which is also the most widespread approach in business ethics research. Likert scale surveys and laboratory experiments are the most typical tools used for data gathering.

A typical research method can be illustrated through the paper of Brunner and Ostermaier, (2019). Based on established concepts in the literature, the authors develop five hypotheses about the relation of honesty in reporting costs for reimbursement and peer influence. They recruited 174 students from a large European university, who participated in a set of experiments. In one setting, there are two reporting managers and one supervisor. Managers have an endowment of 200 units and have a random investment to make with costs between 20 and 100 units, with expected value of 60 units. The expected profit with random variation is 200 units. The supervisors refund the costs but keep the profit that was received from the investment. The expected payoff, in case of honesty is 200 units for both the managers and the supervisors. Report submission is successive, so the reactive behavior of the second manager can be observed. Also, each manager gives an expectation of the report of the other manager. The conditions are separated by how much information the managers have about

the other's activity. Under full transparency, managers know each other's reports and actual costs. Under partial transparency, managers know each other's reports, but not their actual costs. The question in each condition is that how big of a 'slack' the managers put on top of their costs in their reports. The participants do ten rounds of the game, and after each round, participants keep their role but are paired up with different participants. The rules are common knowledge to the participants, and they gain actual monetary rewards based on how many units they earned throughout the experiments. Using statistical analysis of the amounts of slack in the different conditions, the authors find support for all their hypothesis and they draw the conclusion that information about peers' behavior has significant impact on the honesty of reporting costs.

Another typical research method is followed by Valle, Kacmar and Zivnuska, (2019). This paper investigates the effect of moral disengagement on unethical pro-organizational behavior (UPB). The first hypothesis of the paper is that moral disengagement will positively mediate the relationship between Perception of Organizational Politics (POP) an UPB. The other hypotheses are centered around regulatory focus theory, distinguishing between promotion focus and prevention focus. In their first study 101 university students were asked to evaluate a described internship experience, one group assigned to a high politics perceptions condition, and the other assigned to a low politics perception framed narrative. Survey questions measured the participants' propensity to moral disengage and unethical pro-organizational behaviors. The second study was based on an online survey with two rounds, six weeks apart. The first round measured POP, the second measured moral disengagement, UPB and regulatory focus. Through the statistical analysis of the data gathered from the survey responses, the hypotheses were supported, and the paper concludes that there is statistically significant relationship between POP and unethical behavior that is mediated by moral disengagement.

Due to the sensitive nature of the core questions of business ethics, data are hard to get, and it is probably going to get even harder as we move forward. Even when researchers get data, there is always a considerable level of doubt if the data is the true reflection, of what the researchers want to investigate. There are two main issues that can often make findings questionable: the use of proxy variables and the use of proxy subjects. The use of proxy variables means that an ethics related concept cannot be measured directly, therefore the researcher needs to find something that is measurable and is in strong correlation with the

specific concept. For example, in the case of CEO narcissism, a composite measure that is based on the size of the CEO-s picture in company reports and the relative earnings of the CEO are used as proxies for narcissism (Marquez-Illescas, Zebedee and Zhou, 2019). There is no question about the objective measurability of these data, and their stochastic relation to the concept of narcissism, but it is far from obvious whether they actually capture narcissism as a personality trait. The use of proxy subjects means that researchers use a population that they have access to, most often university students or faculty members, but they draw conclusions in a business context. For example, Wang, Zhong and Murnighan (2014) present interesting findings about the relation of calculative decision making and unethical outcomes that can be highly relevant in the context of business organizations. However, the fact that their research subjects were all undergraduate students may raise some doubts if the same result could be replicated with professionals in different business contexts.

I do not aim to question the rigor or the validity of findings in these works, but I agree with Campbell and Cowton (2015) that in business ethics, an implicit assumption has been formed that only statistical data can be robust and legitimate, while other approaches are often neglected, although mixed methods may provide a better way for answering some of the questions in this domain.

Concepts in business ethics

Trevino's paper (1986) on ethical decision-making in organizations is one of the foundational and most highly cited works in the behavioral ethics literature. She proposed an interactionist model, in which the cognitive moral development of the individual is the most important element, but other individual and situational factors also play a role in making a decision about an ethical dilemma. This model has inspired a lot of empirical research, which have been reviewed by Treviño, Weaver and Reynolds (2006). They present an expanded model which considers cognitive processes (moral awareness, moral judgement, moral disengagement, cognitive biases) as well as affective and identity-based factors. Among organizational contextual factors they include language, reward/punishment, ethical infrastructure, ethical climate/culture and leadership in the model. Kish-Gephart, Harrison and Treviño (2010) published a meta-analytic study in which they analyzed a large set of available empirical data in relation to the propositions of these models. They found support for the relation to unethical choices and behavior of cognitive moral development; the moral philosophy of idealism and relativism; Machiavellianism; locus of control; job

satisfaction; gender; age; the moral intensity of the issue; egoistic, benevolent and principled ethical climates; the strength of ethical cultures; and the enforcement of code of conducts. However, they did not find support for the relation of education level and the existence of a code of conduct to unethical intention and behavior.

On the one hand, this richness of factors that influences unethical behavior in organizations can be informative, on the other hand, it makes it very difficult to model unethical behavior in a dynamic way. Therefore, I would like to merge this group of models with that of Zsolnai (2013b). He presents a two-factor model in which the moral character of the agents and the relative cost of ethical behavior determine if the agent behaves ethically or unethically. Though his model was not created specifically for studying organizational unethical behavior, its general framework makes it applicable in this setting as well. The first factor in this model can be understood as a combination of all individual factors described above, while the second factor can provide a more systematic understanding of the situational factors through understanding them in the economic terms of relative costs. This enables the building of a dynamic model that is discussed in the next section.

Building a model in NetLogo

Building the initial model

In this project, NetLogo (Wilensky, 1999) is used for building the model. As Wilensky and Rand (2015) highlight, NetLogo is the most widely used agent-based modelling environment. It was created by Uri Wilensky in 1999 and has continuously been developed since then. The tool has extensive documentation and another great advantage of it is that it is open source and free to use.

Wilensky and Rand (2015) provide guidance on how one can build a model from ground up. They distinguish two types of models based on the model's objective: phenomena-based modelling and exploratory modelling. In the former the goal is to reproduce a known pattern on a higher level and investigate the mechanisms on the lower level that can provide explanation for the emergence of the pattern. In the latter, the agents are created with a preset behavior and the modeler observes the patterns that emerge on the system level (perhaps this is also a reason why the person running the model is referred to as the observer in NetLogo terminology). The first type corresponds to a top-down approach, where the research questions are preset and more exact, while the second corresponds to a bottom-up approach,

where the research questions might be less clearly formulated, and the conceptual model is continuously evolving as the model is being built up and perfected. The bottom-up approach is closer to the way I attempt to use NetLogo in this project. The authors also call attention to the 'ABM design principle' which basically instructs modelers to keep their models as simple as possible and free from redundant elements.

The process of modelling in NetLogo includes setting up agents with specific features and rules of behavior. Agents can be one of three types: turtles, patches and links. Turtles represent agents that are 'alive', they can move around and reproduce. Patches can be considered as the building blocks of the environment, and they can also be set up with rules. Links are relations among the previous two types of agents. When a model is run, a timer moves forward in discrete time steps that are called 'ticks', and the agents can interact with each other based on the coded rules. The observer can run the model and observe the results of the interactions as ticks progress. The observer can rerun the model as many times as necessary to make multiple observations.

The initial model that I have already set up consists of a number of initial turtles, their initial endowment of *score* and *ethicality* and two general variables, one representing the *relative cost of ethical behavior* and another that is named *diversity*. Based on the previously mentioned model of Zsolnai (2013b) the two most important parameters in the model are the moral character of the agents (termed *ethicality* in the model) and the *relative cost of ethical behavior*. At the setup, the observer can choose how many turtles will be generated. When 'born', each turtle receives a value of *ethicality*, and the observer can determine an average level of ethicality. As a result, the turtles' level of *ethicality*, that can take integer values between 0 and 100, is set along a normal distribution where the mean is equal to '*average-ethicality*' and the standard deviation is equal to '*diversity*', another parameter that can also be set by the observer. Figure 5 shows the sliders that enable the tuning of the parameters on the left side, and the graphical display of the 'model world' on the right.
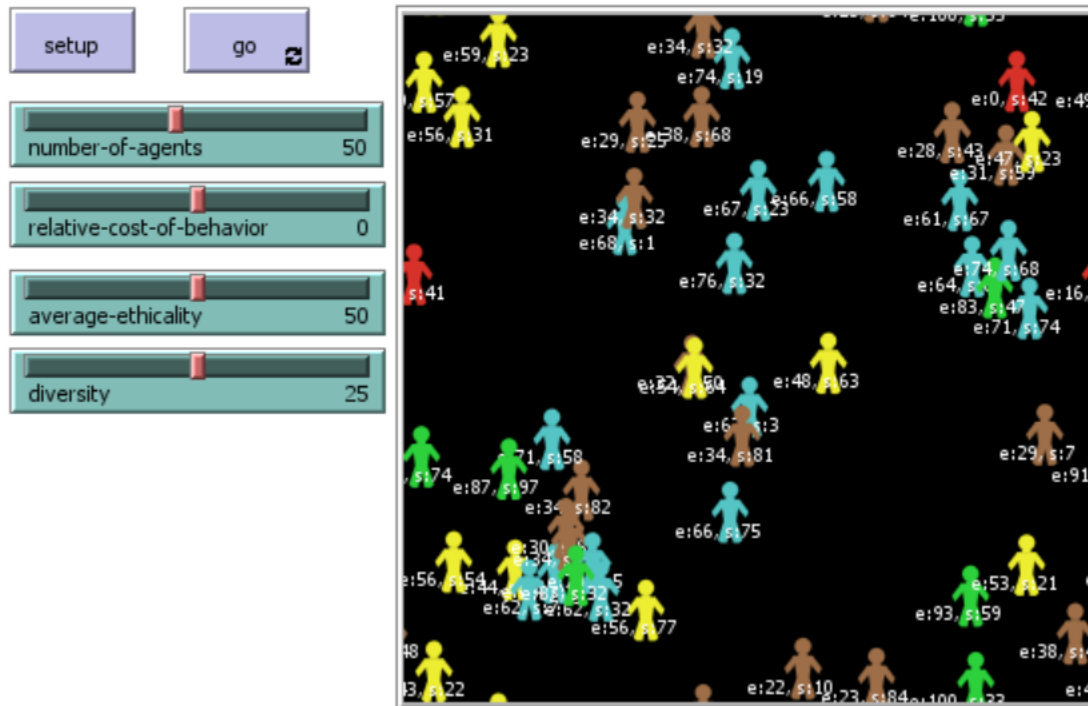
Figure 5: Initial setup of parameters and turtles. Source: own research result

In addition to the *ethicality* (shown as e: n on the label of the turtle), each agent receives a '*score*' that is determined as a random number between 0 and 100 at their conception (shown as s: n on the labels). *Score* will determine the fitness and reproducibility of an agent.

The world is a two-dimensional square shaped space with 20 units of side length. The world also 'wraps', which means that if a turtle exists on the right side, it will reenter on the left side as if these locations were adjacent. In each tick, the turtles move forward one unit in the world in random direction. When two turtles come to occupy the same location in the world, they interact. For now, the interactions are limited to exactly two turtles, and if a turtle arrives to a location where two turtles are already located, it moves further forward one unit.

In an interaction, each turtle has two possible behaviors: act ethically or act unethically. The choice of the behavior is determined the following way. A random number between 0 and 100 is generated. This random number is saved into a variable for this interaction that is called '*chance*'. If the *ethicality* of the turtle making the choice is greater than or equal to *chance*, then the turtle will act ethically. If *ethicality* is smaller than *chance*, then the turtle will act unethically. This way turtles with high *ethicality* will generally act more ethically,

while turtles with low *ethicality* will act unethically most of the time. If a turtle acts ethically, the turtle with whom it interacts receives plus one *score*. In case of unethical behavior, one *score* will be deducted from the interacting turtle. As a result, ethical actors advance the *score* of other turtles while unethical actors decrease it. Additionally, acting ethically has a relative cost that is set the following way: an ethical action will cost a turtle a deduction of one *score* multiplied by the parameter '*relative-cost-of-behavior*'. This parameter can be set between -10 and 10, thus the cost can also be negative, which results in a gain in *score* when the turtle acts ethically. If this parameter is set to a positive value, then the agents who act ethically will tend to lose *score*. If the parameter is set to zero, the agent will not lose or gain *score* by acting ethically. The coded version of this is shown on Figure 6.

```
to interact
set chance random 100
ask turtles-here[
    if ethicality >= chance [
      act-ethically
      set myscore myscore - 1 * relative-cost-of-behavior
    ]
    if ethicality < chance [
      act-unethically
    ]
    set label (word "e:" ethicality ", " "s:" myscore)
  ]
end

to act-ethically
  set ethical-action-count ethical-action-count + 1
  ask other turtles-here[
    set myscore myscore + 1
  ]
end

to act-unethically
  set unethical-action-count unethical-action-count + 1
   ask other turtles-here[
    set myscore myscore - 1
  ]
end
```

Figure 6: Code of interactions. Source: own research result

Finally, in every tick, agents are instructed to 'die' or 'reproduce', and this is determined by their *score*. The three turtles with the lowest *score* cease to exist, while the three turtles with

the highest *score* will produce copies of themselves and in the process, they lose half their *score*. The turtles that are 'born' receive a random *score* between 0 and 100 and *ethicality* that is inherited from their 'parent' plus a term that is a random number from a normal distribution with a mean of zero and standard deviation of the *diversity* parameter divided by four. This way *diversity* plays a role in not only the initial setup, but also how likely the reproduction is to produce turtles with different *ethicality* from their parents. This mechanism reflects the evolution of ethical and unethical behavior. The code for reproduction is shown on Figure 7.

```
to reproduce
  ask min-n-of 3 turtles [myscore] [die]
  ask max-n-of 3 turtles [myscore] [
    set myscore myscore / 2
    hatch 1 [
      rt random 360
      setxy random-xcor random-ycor
      set myscore random 100
      set ethicality ethicality + round random-normal 0 diversity / 4
      bound-ethicality
      set-colors
    ]
  ]
  ask turtles[
  set label (word "e:" ethicality ", " "s:" myscore)
  ]
end
```

Figure 7: Code of reproduction. Source: own research result

Initial observations

At this point, I am not able to draw true conclusions from the model, but after running the model several times, I have made some initial observations. When running the model, NetLogo provides tools for visualizing how certain variables change. I have set up plots to visualize the average *score* and average level of *ethicality* of turtles, as well as the count of ethical and unethical actions. The model is run for 500 ticks, and based on the setting of the parameters, these plots will yield different results in each run.
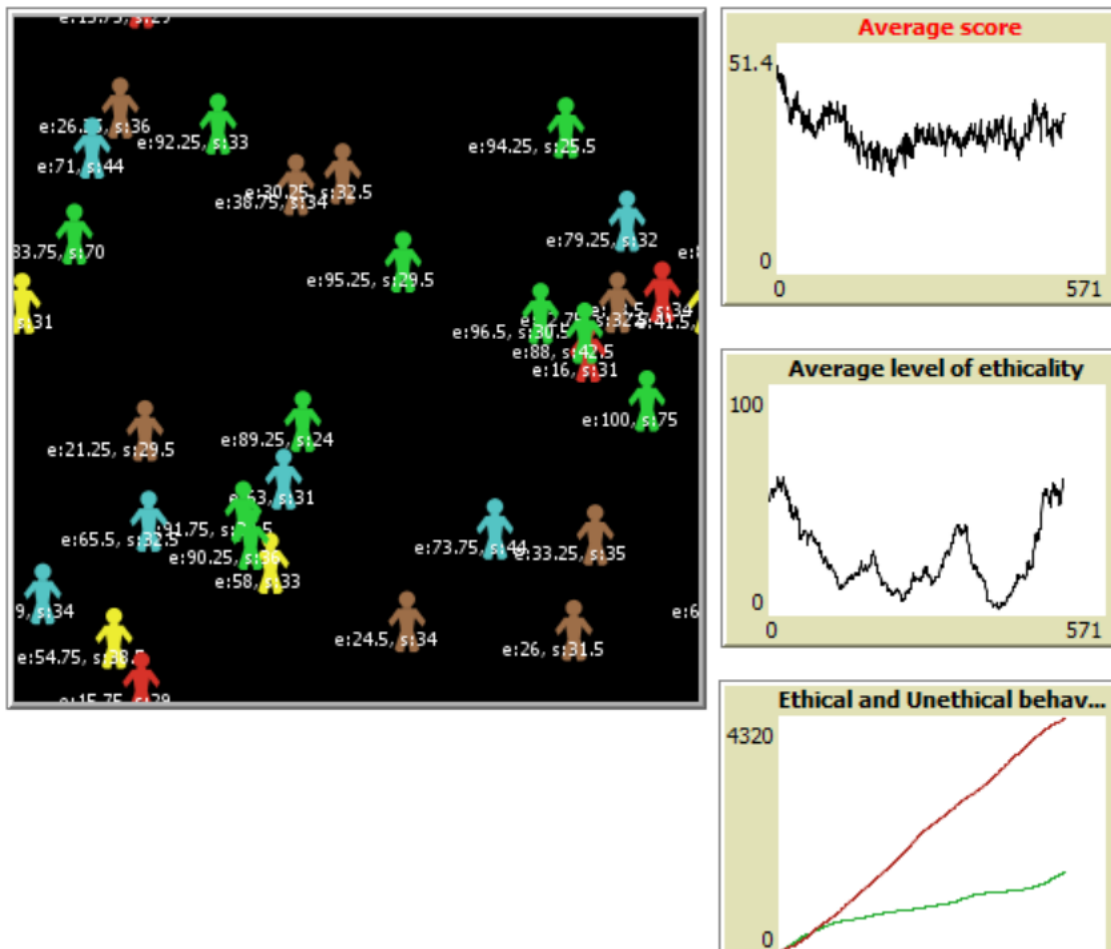
Figure 8: Plots of score, ethicality and behaviors. Source: own research result

From the runs I have completed so far, it seems that the setting of the *relative cost of ethical behavior* has the largest impact on the measured variables. Mathematically, this is no surprise, since in the current model design it is the only variable with a multiplicative effect. However, what seems somewhat surprising is that a small value, on either the positive or the negative side of the spectrum, did not seem to produce very different results in terms of the measured variables compared to a large value on the same side. I.e., when the *relative cost of ethical behavior* was set to 1 and when it was set to 10, the results seemed to be very similar – the level of *ethicality* dropped and tended to remain low, but with all other parameters being the same, the drop was not visibly faster when the parameter was ten times larger. Another observation that was somewhat unexpected was that the initial level of *ethicality* did not matter too much. With positive *relative cost of ethical behavior*, a generally low level of *ethicality* seemed to arise almost as quickly when starting from an average level

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of *ethicality* near the middle as when starting from near the maximum. The impact of *diversity* was also interesting, since a high level of *diversity* allowed for changes in tendencies of ethicality. For example, when it was driven to a low level by the positive *relative cost of ethical behavior*, it could bounce back and even show considerable upward trends for shorter periods.

Limitations and future directions

As highlighted earlier, this is just a very initial phase of the modelling project and therefore there are many limitations and possibilities for improvement. In terms of the model setup, the conceptual ideas have to be thoroughly reviewed. The basic building blocks are probably feasible, but the relationships among them might require changes in the model. For example, the *relative cost of ethical behavior* is currently a constant that is not impacted by the other variables, and this might be revised. A feedback mechanism from the average level of *ethicality* could possibly be included, that would influence this parameter during the run of the model. Also, the evolution of *ethicality* is now captured in terms of turtles ceasing to exist and others coming to life. This way, the turtles do not represent persons, rather memes that go through an evolution on their own level, but this might be different from looking at the behavior of persons. As an alternative, a mechanism could be applied in which the turtles do represent persons, and their level of ethicality changes as a result of interactions with other turtles and perhaps other factors as well. Again, a further limitation is the arbitrariness of choices in terms of numbers that are currently in the model. This could be addressed by analyzing mathematically if a different choice of numbers has a serious impact on the outcome and enhancing the model in a way that the arbitrary choice of numbers does not influence the dependent variables.

In general, to draw any valid conclusions, rigorous analysis of the results is necessary, which is not provided here. This can be accomplished by using automated reruns of the model and finding patterns of certain combination of parameter values leading to certain sorts of outcomes. Similarly to the paper presented in the theoretical section, BehaviorSearch (Stonedahl, 2010) could be used as a tool for this exercise.

Conclusion

Complex systems are qualitatively different from complicated systems, and they cannot be well understood with reductionist models. Social systems, such as organizations are

inherently complex, as they are comprised of conscious, autonomous agents whose behavior is often not random and is full of interdependencies and feedback mechanisms. Research in business ethics usually relies on methods that aim to capture static relationships between different concepts, and such research can certainly produce interesting and useful findings, but it also has some limitations including its inability to capture dynamic phenomena.

In this paper, I have proposed the use of computational modelling to gain understanding of the dynamic nature of unethical behavioral patterns in organizations. I created and described an initial model using the NetLogo programming environment. I have managed to observe a few interesting patterns with the help of this initial model, but much more work is needed to strengthen the model and apply tools with which more general conclusions can be drawn.

Social Media Companies' Accountability: The Case of Facebook's Narratives

Abstract

The impact of social media companies has increased significantly lately, and this ensues a growth in their social and political accountability as well. In this paper, we discuss this from a communicative perspective through the reflections of a case study: the 2019 congressional hearing of Mark Zuckerberg. We use a transdisciplinary approach to our inquiry, and we rely on a hermeneutical analysis of the hearing as a text, while borrowing concepts from narrative theory and argumentation. We find that the hearing represents a form of discourse driven by inherently incommensurable narratives, leading to an epistemic stalemate. We contend that understanding how the deliberative process reaches this undesirable state may help advance the discussion of such a current and complex social issue.

Keywords: social media, epistemic impasse, narratives, presumptive argumentation, transdisciplinarity

Introduction

Social media has become a very serious factor in people's lives in the last two decades. 68 per cent of all American adults (Greenwood, Perrin and Duggan, 2016) were users of some social media platforms as of 2016 and, based on earlier trends, this is likely to have risen since then. Through these platforms, people communicate with friends and acquaintances; read news and acquire all sorts of diverse information; buy and sell products and services; and engage in various other activities (Cheong, Baksh and Ju, 2022). As a result, social media companies have become central actors in all domains of social life in today's 'postnational constellation' (Molnár, 2017) regardless of their intentions of doing so and their ability to handle the responsibility that this implies.

The social and political role of corporations has been growing before the appearance of social media companies (Scherer, Palazzo and Matten, 2014; Molnár, 2017). As modern society is facing complex new social-moral issues, the established differentiation of society into the political, civil and economic domains (Habermas, 1998) is becoming less adequate in addressing challenges. The assumption that the role of corporations in the political sphere

extends only to the influencing of rules and regulations in a way that favors their business outcomes seems way too bounded. Driven by the process of globalization, the shortcomings of public institutions, and the change in political ideology in most western developed countries, firms have come to play an active role in traditionally political functions such as dealing with environmental challenges, providing public goods, or public administration (Baur and Arenas, 2014; Scherer, Palazzo and Matten, 2014).

The emergence of digital technologies, the internet, and big data has further accelerated this process. By providing platforms for a big proportion of the communication between individuals and serving as our default way of acquiring new information, internet companies are currently reshaping many of our established institutions (Flyverbom, Deibert and Matten, 2019). Iványi, (2017) discusses that some people look at this through an optimistic lens and see the advantages of increased opportunity for self-expression, community building and the emergence of a new public sphere. On the other hand, others see the drawbacks of this process and warn about the dangers of echo chambers, digital surveillance and the increased commoditization of all facets of social life.

Businesses always had an impact on people's lives beyond the economic domain, but the scale of this in case of a handful of giant corporations has become unprecedented. As we can see from earlier papers in this journal, social media companies like Facebook or Twitter have become major factors in such distinct areas as art and entertainment (Anderson-Lopez, Lambert and Budaj, 2021), development of teenagers (Homen Pavlin, Dumančić and Sužnjević, 2020), the organization of political protests (Rahbarqazi and Noei Baghban, 2019; Piechota, 2021) or the agenda-setting for elections (Fernández and Rodríguez-Virgili, 2019; Pérez Curiel, 2020), and all this with a truly global geographical scope . We need to realize that such an overarching impact entails a level of responsibility and accountability that extends beyond what can be understood through the established models of political Corporate Social Responsibility (CSR) (Palazzo and Scherer, 2006; Scherer, Palazzo and Matten, 2014). The goal of our paper is therefore to explore a new way of understanding the communicative perspective of the accountability of social media companies.

While we acknowledge that there might be a difference in the exact meaning of these terms, for the rest of this paper, we use 'accountability' and 'responsibility' interchangeably. The general definition of these concepts and their relation to each other cannot be stated objectively as these very much depend on the discipline they are used in. For example, we

see diverging interpretations if we look at political science (Dunn, 1999), management (McGrath and Whitty, 2018) or education research (Hatch, 2013). Our main reason for using accountability in the title and in stating the purpose of this paper is that we want to avoid confusion with the concept of CSR that is often understood as a management tool for business organizations.

Our topic can be approached from multiple angles or using different methods of inquiry. We chose to address it through a case study, because we believe that in such emerging human affairs, concrete, context dependent knowledge can often be more useful than attempts at formulating predictive and universal theories (Flyvbjerg, 2006). The case we have chosen is the 2019 congressional hearing of Facebook's founder, majority owner and CEO, Mark Zuckerberg. The reason for our choice was that at the time when we began our work, this was the most current, most discussed, and most well-documented public event involving the leading representative of a social media company as well as numerous representatives of a regulatory body.

As a result of its vast influence on individual lives, businesses and even social-political processes, Facebook has come under serious scrutiny in recent years whether it is able to handle the responsibility that ensues by its achievements. Mark Zuckerberg had testified before the US congress in 2018 in relation to a data privacy breach that became notoriously known as the *Cambridge Analytica* scandal. During that hearing Zuckerberg did acknowledge some level of responsibility and promised to put effort into correcting mistakes that the company had made in this domain (Watson, 2018). Eighteen months later, however, Zuckerberg was summoned again to testify before the House Financial Services Committee.

The reason for the Facebook founder's appearance before the committee on October 23, 2019 was the company's announced intention of introducing a new global virtual currency, named *Libra*, and a virtual wallet named *Calibra*. The goal of the hearing was to see if Facebook should be allowed to undertake such a project, given the lack of clarity about the company's accountability for the societal risks. However, the committee members used the opportunity to express their opinions on a wide range of issues related to Facebook, including the role of the government in constraining the company's ability to innovate; the importance of innovation for the American economy; the recurring data breach scandals; the discriminatory practices of advertisers who use Facebook's ad services; and the concerns of foreign actors interfering in past and future US elections through the platform. These are

social-moral issues invoking controversial views that trace back to fundamentally different ethical principles. This leads to a debate, where the communication of the opposing parties aims seemingly at coming to an agreement on what is 'right' or 'wrong' or even what is 'true or 'false'. In modern political discourse however, this often seems unattainable because the process arrives to an epistemic impasse and meaningful communication breaks down. This phenomenon has been linked to echo chambers (Terren and Borge-Bravo, 2021), identity politics (Bernstein, 2005), partisanship (West and Iyengar, 2020) and populism (Tóth, 2021), but in this paper we explore its relation to what Charles Willard, (1996) called 'the problem of knowledge'. To understand how the debate in such a context unfolds, we rely on a transdisciplinary approach and use theories and methods from different fields of study. We build on narrative theory as well as argumentation theory and introduce the concepts of presumptive inference (Komlósi, 2006) and eristic argumentation (Kurdoglu and Ateş, 2020).

The problem of knowledge

Public discourse about issues of public interest in modern democracies raises a fundamental problem that is referred to as 'the problem of knowledge' (Willard, 1996). Expert knowledge or specialized knowledge is indispensable for understanding complex problems, such as, e.g., the physiological effects of virus infections on humans, stem cells, cancer development, nuclear reactions, broad-band internet development, the effects of pesticides on living organism, etc. Improved knowledge on such issues can be seen as epistemological gains for human societies. However, decisions made to solve or resolve complex social problems require the involvement and intersection of multiple expertise. No single intellect can grasp complex problems occurring in modern societies, such as, e.g., nuclear safety, epidemics, air pollution, land fertilization, highway construction, bank regulation, safe handling of personal data, foreign aid, human rights, illegal migration, only to name a few of today's frequent complexities. "No overarching point of view is available to tie all loose ends together." (Willard, 1996, p. 289).

The questions of what role should a technological product of a private corporation be allowed to play in addressing such complex issues and what sort of accountability this entails can be identified as epistemics problems. Such issues clearly extend over political boundaries, but most legal regulations still need to be validated within the confines of distinct countries. And regardless of the geographical boundaries, no person or group can alone give an authoritative

answer to such questions, because no data and assessment exist that would provide sufficient support for objective conclusions (Horton, 2010). Still, as there is high demand for answers by the public, different parties arrive to different conclusions that are often ideologically motivated and are based on incomplete or even false information. It is in these contexts that the question of the burden of proof emerges.

A general principle in argumentation is that "the party who makes the claim and puts forward the argument for its acceptance must supply evidence to back it up if the claim or argument is questioned" (Walton, 2015, p. 70). However, as part of practical reasoning in an ongoing dialogue, this is often problematic. Therefore, instead of relying on deductive reasoning to provide proof for an argument, a presumption is used to satisfy the evidential burden. The question of presumptive arguments is discussed by Komlósi (2006) in the context of inference making in reasoned arguments. Presumption is a special kind of inference (sometimes involving implicit premises) that is based only in part on evidence related to the truth of the conclusion. To a substantial degree a presumption will be grounded on contextual and conversational considerations. Presumptively inferred conclusions are to be accepted unless and until they are rebutted by substantiated counterarguments. By being based on the interpersonal process of sensemaking rather than objective facts, we contend that presumptive argumentation bears a certain resemblance to and is often presented in combination with story-telling and narratives.

The role of narratives

Narratives can be seen and understood as basic epistemological and ontological tools (Adams, 2008). In his 'Cultural Psychology', Bruner (1996) espouses the view that human beings make sense of the world by telling stories about it and by using the narrative mode for construing reality. He calls this phenomenon "the narrative construal of reality". The stories are told to other people but can be 'rehearsed' to oneself as well. It is compelling how Bruner conceives of the ubiquity of narratives:

> "Narrativized realities, I suspect, are too ubiquitous, their construction too habitual or automatic to be accessible to easy inspection. We live in a sea of stories, and like the fish who (according to the proverb) will be the last to discover water, we have our own difficulties grasping what it is like to swim in stories." (Bruner, 1996, p. 147)

Dennett (1992) discusses the narrative phenomenon from the point of view of the self. In his view humans are all confabulators who are continuously telling and retelling the story of their own lives to themselves, with little heed and attention paid to the question of truth. In his formulation humans are 'inventive autobiographical novelists'. The metaphor he uses for the self is "the center of narrative gravity" by which he means to explain the (more or less) unified behavior of the individual.

> "It does seem that we are all virtuoso novelists, who find ourselves engaged in all sorts of behavior, more or less unified, but sometimes disunified, and we always put the best "faces" on if we can. We try to make all our material cohere into a single good story. And that story is our autobiography." (Dennett, 1992, p. 114)

However, narratives do not stop at the level of the individual. Storytelling also plays an important role in the life of organizations and this started to receive more attention in the last three decades in the literature of leadership (Morgan and Dennehy, 1997; Boal and Schultz, 2007), knowledge management (Dalkir and Wiseman, 2004; Wijetunge, 2012), organizational learning (Boje, 1994; Taylor, Fisher and Dufresne, 2002), and business ethics (Poulton, 2005; Driscoll and McKee, 2007; Humphreys and Brown, 2008; Rhodes, Pullen and Clegg, 2010).

Stories told in organizations reflect deeply held assumptions and define organizational values, thus they significantly influence the members' worldviews, and contribute to organization-wide sensemaking (Anastasiadis, 2014). It has been suggested that organizational narratives that are about maximizing short-term gain with no regard to social and environmental costs are a major culprit in the emergence of wide-spread unethical practices, especially at large organizations (Driscoll and McKee, 2007). This becomes a greater problem on the societal level when these stories are not limited to a company but become generally acknowledged in certain industries or countries. Even more so when they become the norms of 'doing business'.

There are competing narratives about how to understand business and its relation to society. Randels, (1998) describes five high level narratives about business: (i) homo economicus; (ii) libertarian; (iii) conservative; (iv) liberal; and (v) religio-philosophical. We can recognize that the elements of the homo economicus and libertarian narratives are the most commonly accepted norms of mainstream economics and business, relying on the supremacy of

individual liberty and the pursuit of self-interest above all else. In the conservative and liberal narratives, certain social values are placed above business; for conservatives these are usually related to tradition and order, while for liberals the questions of social justice and tolerance take precedence. The religio-philosophical narratives clearly subordinate business to a telos that it supposed to fundamentally governs human life, such as the unquestioned loyalty to and service of a deity. Pirson, (2020), on the other hand, describes two competing general narratives in business: the economistic and the humanistic one, and argues that embracing the latter is the only way to achieve real social responsibility in businesses.

Method

We consider it important to highlight that this paper does not follow the positivist research paradigm but is built on the tradition of naturalistic inquiry (Guba, 1981; Lincoln and Guba, 1985). Therefore, we as the inquirers, are not considered to be independent from the object of the inquiry. Instead, we acknowledge that our presence is part of the quest itself. Also, we do not claim to present context-independent truth statements that enable nomothetic knowledge and overarching generalizations. Instead, what is presented here is necessarily related to a particular context of the inquiry, and the context of the reader will also significantly influence the understanding of the content. From all the contextual factors, political bias is perhaps the most relevant in this paper, thus we return to this issue later in this section.

Our approach to research is transdisciplinary in nature. Transdisciplinarity is a concept that was first introduced by Jean Piaget (1972), and later developed further and fully conceptualized by Basarab Nicolescu (2002). Transdisciplinary research aims not only to go across but also beyond academic disciplines (Klein, 2009), and it integrates the concepts of multiple levels of reality (Nicolescu, 2014), complexity (Cilliers and Nicolescu, 2012), knowledge integration (Hoffmann, Pohl and Hering, 2017), and problem-solving in the life-world (Hirsch Hadorn *et al.*, 2008). In a transdisciplinary inquiry, the starting point is always a problem, not a gap in the literature, and the outcome is some context-specific knowledge which also contributes to theoretical understanding. In our findings, we predominantly build on the tools of narrative inquiry and argumentation, but we are also incorporating concepts that originated in different disciplines, such as social psychology, moral philosophy, and political science.

We build our study on a hermeneutical analysis of a text that is the representation of the congressional hearing of Mark Zuckerberg. We found this to be the most suitable approach to achieving our goal of interpreting and understanding an event that is representative of the discourse on the accountability of social media companies. As part of the analysis, we collected quantitative and qualitative data from the text. The quantitative data includes the number of words spoken by the participants related to each question during the hearing and the number of questions posed by each questioner. This data serves to facilitate aggregate level comparisons between different groups of participants and their interaction with the witness in the final section of the paper. In most of the paper, however, we rely on qualitative data, which is extracted through our understanding and contextualization of the utterances at the event.

As discussed by Chase (2018), narratives have now been used to refer to a much wider range of phenomena than previously but overusing the term and the method of narrative inquiry can result in making it a hollow and meaningless enterprise. Therefore, in order to use the tools of narratology in this study, it has to be established that a testimony at a congressional hearing can be understood as a narrative.

For the making of a narrative, the following criteria should be met: (1) it has to be told by a narrator; (2) it needs to have a plot, i.e. it has to be about some related series of events; and (3) it is more than just an objective description of the events in that it is imposed on the reader/listener by the author/narrator (Preuss and Dawson, 2008). Also, "in a narrative, storytelling and identity-building processes can become intertwined. The truth of a narrative thus lies not in 'the facts' but in the meaning they convey to their recipients" (Preuss and Dawson, 2008). The first condition certainly applies to the case of the testimony, as what is heard there is not some sort of objective description, but a story told by the witness. The second and third conditions are also met because Zuckerberg certainly aims to construct a coherent line of related events that happened in the past and will happen in the future in relation to the innovations of Facebook. With that, he not only recalls facts, but he also wants to establish the point that the actions and plans of Facebook both comply with the law, and they are also ethical in nature.

First, we focus on what was told by Zuckerberg and how, but then we expand by analyzing the text as a conversation. We rely on the tools of conversation analysis (Hutchby and Wooffitt, 1998), and one of the ways to do this is by studying how sequences in the

conversation are organized, for example, how adjacency pairs, such as questions and answers, influence the flow of conversations (Schegloff, 2007). We make use of the earlier mentioned quantitative data here, but we keep qualitative data in the focus of the analysis. We recorded the attitude of the questioners during the hearing through coding it as positive or negative (Auerbach and Silverstein, 2003), but we also added neutral as a third option. These required subjective judgements where we had to confront our political biases (Clark and Winegard, 2020).

We aim at distancing this inquiry from ideological-political content in order to remain as unbiased as possible, but this is certainly difficult, and the topic needs to be addressed in some detail. We take a critically reflexive approach (Denzin and Lincoln, 2018a) and thus, we admit that in the dominant dimension of liberal vs. conservative, we would place ourselves on the liberal side, but we would describe ourselves as moderate view-holders at that. However, as we are not US citizens and do not live in the US, our personal exposure to the impacts of the political debate is limited. The first sources from which we were informed about the analyzed testimony were definitely affected by biased views, but we made a conscious effort to avoid selective exposure (Sears and Freedman, 1967). We have accessed the video of the complete testimony through YouTube (Guardian News, 2019) and a written transcript through an online transcription service provider (Rev.com, 2019). It is, therefore, reasonable to say that the analysis is not swayed by looking only at a summary or reflection on the text and we are confident that the data created this way, as well as its following analysis, represents reasonable and plausible judgements.

Finally, we need to address the specific choice of using not only written text, but also video in our study. The most important advantage of using video in research is that it allows for a circular research design, making it possible to revisit the exact same source of data multiple times, while making 'manipulations' (pausing, rewinding, slowing down, etc.) that do not change the recording but enable the capturing of new information (Harris, 2016). Thus, we viewed the testimony and read the transcript in its entirety once while taking notes, and then we re-read and re-watched it in pieces when we assessed certain aspects of the text. A limitation of this analysis is that potentially important environmental details, such as the reaction of the attendants to certain utterances are barely or not at all captured. We also have to acknowledge that the narratives presented by Mark Zuckerberg during the hearing may reflect much of his views, but how they are presented is certainly the result of conscious

preparation by a team of experts, and thus they might differ from what and how the CEO would present under different circumstances. We contend, however, that even an imperfect analysis of the text that represents this hearing has strong illustrative support of the theoretical points proposed by our work.

Findings

Narrative themes of the hearing

In this section we highlight the main narrative themes evoked by Zuckerberg or the committee members during the hearing: (i) the patriot; (ii) the organizational journey; (iii) and the tale of two entities, since they serve as a basis for the debate that takes place during the hearing. We are focusing here on what was told by Zuckerberg and how, but where it provides further value to the analysis, we also look at what the committee members said or asked.

The patriot. The first large theme that is present throughout the hearing is the collective narrative of American patriotism. In the US, patriotism or nationalism is widely acknowledged as a basic value in society (Lieven, 2012), but there is also an observable resurgence in nationalistic appeals globally (Bartikowski, Fastoso and Gierl, 2020). One clear manifestation of American nationalism is the almost religious respect of the founders and the constitution (Flaherty, 1989). In any debate, referring to the constitution or something that the founders said constitutes an axiomatic point, and for most Americans it is unthinkable to simply question the authority or the righteousness of these.

Zuckerberg himself does not mention the constitution throughout the hearing (the committee members do), but he is very careful to appeal to the basic principles detailed in the constitutional amendments safeguarding personal liberty. He refers quite often to the right of free expression, and makes it clear that it is a basic value of his company, and proposes that Facebook is 'defending' this value, as a protagonist against non-American companies (the antagonists):

> "… over the last decade, pretty much all of the major internet platforms have been American companies with strong free expression values. And I just think that there's no guarantee that that is the state of the world going forward. Today, six of the top 10 companies are coming out of China and certainly do not share our values on things like expression."

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This shows that Zuckerberg builds on a narrative conception of business which is different from the homo economicus and libertarian narratives (Randels, 1998), and much closer to a humanistic one (Pirson, 2020), in which the role of business extends far beyond the obligations towards stakeholders to make profit. Based on this account, corporations such as Facebook have a higher level of responsibility in making sure that the values, they propagate are considered ethical in a cultural context.

The way Zuckerberg uses narrative and non-narrative statements reinforces his message. During his testimony he uses the first-person narration most often, using explicit phrases like "I think that" and "I believe that". He acts as a character-bound-narrator recalling facts about himself, and thus he gives the sense of being truthful (Bal, 1997). It is very important in the context of a testimony that the witness has a legal obligation to tell the truth. Thus, if he says: 'I believe that X', and X turns out to be false, he will not have lied, but his thought or belief was incorrect (Berlin, 2008). However, when talking about the conflicting values of the US and China, he adds non-narrative comments (Bal, 1997) to his mostly narrative claims. Let us look at an example from his opening statement:

> "China is moving quickly to launch a similar idea in the coming months. Libra is going to be backed mostly by dollars, and I believe that it will extend America's financial leadership around the world as well as our democratic values and oversight. But if America doesn't innovate, our financial leadership is not guaranteed."

Although the first sentence does not contain the word "I", it can be considered as part of narrating the story. China, the antagonist, is moving, so there is an event which can be the conflict of the story. In the next part, there is a statement where the narrator's "I" is highlighted, and he believes that the actions of the protagonist will resolve the conflict. In the last sentence, however, there is no event, only a supposedly objective non-narrative statement. There is also an important presumption here: if Facebook does not innovate, America does not innovate. And if America does not innovate, it loses its financial leadership. Consequently, if Facebook does not innovate, America loses its financial leadership.

By telling the story of the patriot, Zuckerberg sets up the following (false) dichotomy: either We (Facebook) move ahead with this new global currency and reform of the financial system, or China will. In that case American domination of the global financial system, the

leading role of the dollar as the global reserve currency and the ability of the US to exercise power through sanctions are lost. In this line of thinking, Facebook becomes the symbol of capitalism and the free market which stands against the new threat: rapidly emerging China.

This theme is not only present in the opening statement but is repeated several times during the hearing. It seems when someone is questioning the main 'why' of the Libra project, keeping the advantage over China comes up in some form. This seems to be such an appealing argument, that supportive members of the committee just repeat it in defense of Zuckerberg several times.

The organizational journey. The second theme is how the Libra project and Facebook as an organization is presented. Some committee members paint an image of Zuckerberg as the head of a power- and money-hungry conglomerate. He, on the other hand, continuously answers questions in a way where Facebook is pictured as a group on a journey. This is one of the typical narratives in an organization as presented by Brophy (2009). The organization is on a quest, continuously moving forward, and pursuing a goal that is usually something more than just profit or market share. Zuckerberg uses the continuous tense often with sentences like "currently working on what the policy should be" and negation in present perfect like "I don't know if we've worked out all those policies yet, but our intent in principle here is …". This puts Facebook to a different perspective – instead of a multibillion-dollar company pursuing mindless growth, the company is presented as an organization continuously working hard to provide better services to customers.

Again, some of the committee members from the supportive and even the neutral faction seems to go along with this narrative, while the antagonistic members bring up counter arguments that are mostly related to trust, or rather the lack thereof. They point out that Facebook has a bad track record of lawsuits, fines, and repeated offenses. They talk about how Facebook failed to diversify its leadership and how its data privacy issues have led to disproportionately severe outcomes to minorities. In response, Zuckerberg often brings up that the company's values include diversity and inclusion, but the oddity here is that he is not using the metaphor of the journey:

> "it's always been against our policies for anyone to use the ad systems to discriminate and we enforce those […] we were able to reach a settlement that we thought would

strengthen our policies, and our products, and help them uphold the principles that we care about, and have always been committed to on this."

Zuckerberg also seems to be jumping back to a few actions that shed a positive light on the company, whenever his commitment to diversity and inclusion is questioned. For example, he mentions the settlement with civil rights groups about removing targeting features in housing, employment, and credit related ads several times during the hearing. This can be understood as a tactic to divert uncomfortable questions, but we can also suspect that these are meant to represent Facebook's historical engagement with corporate social responsibility, resulting in practices of "history-as-sensemaking" and instrumental "history-as-rhetoric" (Van Lent and Smith, 2020).

These could be signals of strong commitments, but they do not necessarily fit the previous narrative. There is no 'we are working hard to be even better in this', which seems to suggest to the opposing committee members that these are empty words, and that this issue is not important to the company and to the CEO.

The tale of two entities. The third theme we identified revolves around Zuckerberg taking responsibility for some historical events and future commitments, while clearly trying to avoid doing the same for others. Here we rely on the concept of narrative agency (Pasupathi and Wainryb, 2010), especially related to the questions when Facebook, the Libra project or Zuckerberg himself is charged with a moral transgression. In some cases, Zuckerberg highlights that Facebook as a large company is an agent on its own, over which he does not have perfect control. For many of the questions, he answers in a way where the company as 'we' is in the focus. For example, when he is asked "What are you doing, Mr. Zuckerberg, to shut this down?" his answer is "we build sophisticated systems to find this behavior". However, in a sentence a minute later he says, "one of the risks that I'm worried about among others to safety is that it will be harder to find some of this behavior", meaning that he, as a person is worried about this issue.

A CEO is ultimately legally responsible for what his company does, but it is debated question in the business ethics literature, whether a company has moral agency, or it is always an individual or a group of individuals that can be considered as moral agents (Moriarty, 2017; Mulgan, 2019). In contentious section of the hearing, Zuckerberg is specifically asked if he, as the CEO, is willing to make a pledge that is related to a different legal quarrel. His answer is the following:

> "Congresswoman, you're certainly right that I'm CEO and I'm responsible for everything that happens in the company. All that I'm saying is that I imagine that there are more pages to this document."

Here he seems to accept responsibility, but his negative answer shows that he is not willing to take the agency that the company possesses. Again, just about a minute later he does make a clear distinction between himself, and the 'we' of Facebook:

> "Congresswoman, my understanding is we pay everyone, including the contractors associated with the company, at least a $15 minimum wage, and in markets and in cities where there's a high cost of living, that's a $20 minimum wage."

If it turns out that Facebook is not actually paying this amount to contractors, then the words 'my understanding is' removes the moral burden form him, as a person. An even further abstraction is when he talks about the Libra Association. This is especially salient in the following example:

> "I will commit that Facebook will do what you are saying. Our version of this, our wallet is going to have strong identity, is going to work with all the regulators to make sure that we are at the standard of AML and CFT that people expect or exceed it. I can't sit here and speak for the whole independent Libra Association, but you have my commitment from Facebook."

In this case, Zuckerberg, as a person, commits to something that is to be fulfilled by Facebook as a company. However, he is unwilling to do the same for the association which is presumably out of his control. He often highlights that Libra is not in the hands of Facebook, and even if Facebook has some representation in its board, it is an independent entity. Therefore, he cannot speak for this independent association. It is not a large leap from here to say that if the Libra association does something that is morally blameworthy, it is not Facebook's responsibility. However, as pointed out by several committee members, the association was founded and is informally controlled by Facebook, and it would almost certainly cease to exist without it. And since Facebook is almost singlehandedly controlled by Zuckerberg, he certainly has a level of moral responsibility for what this association does.

The point that is perhaps repeated more often by Zuckerberg than any other issue is that he is committed to getting the approval of all US regulators before starting the Libra project. This is an important signal, because from a regulatory perspective, no one can clearly say

that it is clearly required, but it conveys the message that the CEO is willing to comply and cooperate. This is also not uncontested, as several committee members point out the apparent controversy with the commitment and the independent association being established in Switzerland. However, Zuckerberg has a prepared answer to this, namely that Switzerland is home to many neutral international organizations, and as the Libra Association also aims to be such an organization, it makes sense that it is located there. Whether the argument is accepted or not, Zuckerberg always supplements it with his commitment to US regulatory approval, making this a point that is unquestionable for anyone who listened to the hearing. If Facebook were to move forward with the project without the approvals after this, the move would certainly be considered as highly unethical.

By appealing to the commonly held value of patriotism, building on the metaphor of the journey towards perfection, and morally disengaging from objectionable behavior, Zuckerberg constructs a coherent and favorable autobiography of Facebook. What he achieves with this, to a certain degree, is that the burden of proof concerning the risks of Facebook's plans with Libra and Calibra is placed on those who oppose those plans or have objections about Facebook's impact on society at large.

In conjunction with the content in the testimony, Zuckerberg supports his story with the way he builds his narrative. He uses a combination of narrative and non-narrative elements in way that advances the role of Facebook as a flagship of free market capitalism facing the challenges of the emerging antagonistic 'demon' of China, representing the primacy of an oppressive and abusive government. He distances himself from a behavior that could potentially be deemed as unethical through the changing modes of agency, and he strengthens his emphasis on what Facebook is and is not going to do by repeating important pieces over and over again.

Despite some flaws which we have also pointed out above, Zuckerberg's narrative could possibly serve as a basis for a common understanding in the discourse that is formed at the hearing, but as the hearing unfolds, this does not turn out to be the case. This is mainly because most of the committee members who raise their questions do not seem to be willing to engage in real conversation, but their intent seems to be to present their own narrative about Facebook and what it should and should not be allowed to do. We turn to the analysis of this phenomenon next.

The conversation at the hearing

This section looks at the narratives of the committee members questioning the witness, and how this relates to the process of deliberation about the questions of public accountability of Facebook. We discuss how the textual elements of questioners point to their intentions and how this resonates with the inherent incongruency of the values that underlie their questions and comments.

At the end of the hearing the ranking member of the committee expressed his concern that despite having spent over six hours (that has produced a transcript of over 50 000 words) with questioning and listening to Zuckerberg, there was not a lot of new information obtained by the committee members or anyone who listened to the testimony. We agree with the gentleman in the sense that what has been said by the CEO could have been put into a 5-page document and no objectively new information from this hearing could be added. It was clear, however, that presenting an appealing public message was far more important not only to Zuckerberg, but to the majority of the committee members as well.

Committee members with a negative or positive attitude generally speak a lot more during the hearing than the witness himself, as shown in Table 2. Typically, but not in all cases, questioners open their five-minute window with a longer introduction on the topic that they consider to be important, and then they ask a few questions. There is a noticeable difference in the number of questions asked by the committee members depending on their attitudes, but perhaps more telling is the length of the answers. Committee members who seemed to be neutral asked real questions, thus the conversation in terms of the number of words spoken was much more equally distributed. Committee members with a negative or a positive view, however, pose questions whose purpose is not to receive new information but to strengthen their own points.

	Number of speakers	Average of Number of questions by speaker	Average of word difference compared to Zuckerberg
negative	26	10.38	-296.38
neutral	12	7	-123.08
positive	13	4.85	-224.85
Total	**51**	**8.18**	**-237.37**

Table 2 Number of words and questions by the Committee members grouped by attitude towards the witness. Source: own research result

Opposing committee members ask many questions for which Zuckerberg is not able to answer properly, and with this they want to indicate lack of knowledge, responsibility, or good faith. For example:

"How many diverse-owned or women-owned law firms are contracted by Facebook? Number. Just give me a number or range."

"When was the issue discussed with your board member, Peter Thiel?"

Signs of moral disengagement (Bandura, 2016) in Zuckerberg's testimony seem to be fueling the flames further. For example, when the committee members talk about the Russian interference in the 2016 US presidential elections, they use terms like "catastrophic impacts" and "crime", but in his answers, Zuckerberg continues to use the euphemistic idiom "we were on our back foot". Also, the use of advantageous comparisons become salient when Facebook's responsibility in discriminatory advertising practices and malicious and illegal content are brought up by the committee members. Zuckerberg does not turn to denial, but he points out that Facebook is still the best among large internet companies in this area:

"I think it's worth noting that the standard that we set is industry-leading. Right, I don't think any of the other internet platforms restrict the kind of targeting that we do for these categories."

A few committee members go as far as using openly offensive characterizations, such as "disgusting" and "hypocrisy" but most of them express their contempt through accusing

questions which just have no right answer, i.e., regardless of the answer given, the questions already presume some negative attribute about the subject or that the subject has committed some sort of transgression (Heinemann, 2008):

"So, have you learned that you should not lie?"

"Why should we believe what you and Calibra are saying about protecting customer privacy and financial data?"

Supportive committee members, on the other hand, often ask questions with an obvious answer that is appealing to some of the rare commonly accepted values, such as American nationalism or belief in capitalism as the best possible economic system. They use membership categorization to invoke category-bound activities and characterizations (Peräkylä and Ruusuvuori, 2018) to highlight the positive impacts of Facebook:

"Mr. Zuckerberg, are you a capitalist or are you a socialist?"

"And the question is, are we going to spend our time trying to devise ways for government planners to centralize and control as to who, when and how innovators can innovate?"

Alternatively, they ask questions which allow Zuckerberg to reiterate statements that shed a positive light on him:

"…when you alluded to the risks of not innovating and the danger of the US falling behind some other countries or foreign companies who are creating similar platforms. Will you elaborate on the initiatives in those other countries?"

"You've said that you won't go forward with Libra unless you get approval from all the regulatory agencies that are required in the United States. That's correct. Right?"

When the witness answers such questions, the committee members often reflect immediately on the answer or cut him off before he is able to actually formulate an answer. This sort of questioning represents the form of conversation which is called institutional talk (Heritage, 2005) and it is certainly nothing new to someone who is used to watching court hearings, however, there is an important difference between a court hearing and a congressional hearing. In the former, there are clearly defined roles: a defender and a prosecutor. Anyone who listens to the questions of either side knows the intentions of the questioner. In a

congressional hearing, supposedly, there are no such preordained roles, and the questions might be presented as looking for objective information. In reality, however, they are tools of propagating the message of the questioner.

Members of the committee who were inclined to accept Zuckerberg's arguments picked up elements of his story, sometimes claiming things that probably even Zuckerberg himself would not have said. He hinted that Facebook stands for innovation, and that innovation is necessary to preserve a global leading role for the US economy, and some of the supportive committee members declared him the champion of American capitalism. Zuckerberg said that Facebook is on a journey, in which the US regulators are a helping partner, and some supporters insisted that regulators, indeed, must become more supportive of continuous innovation. On the other hand, the committee members that remained hostile towards the witness only concentrated on the loopholes in Zuckerberg's story. They brought up the unresolved questions of diversity, discriminatory advertising practices, election interference and repeated data breach cases. In their view, Facebook, regardless of its crucial role in today's society, cannot be accepted as the protagonist of American innovation, and if anything, it is rather the antagonist in a quest for social justice. We are witnessing here the clearest examples of eristic argumentation, where the central aim is defeating the counterparty rather than seeking a reasonable solution (Kurdoglu and Ateş, 2020). This is a morally concerning observation, because it makes us doubt if the discourse represented by this hearing is headed to a direction which leads to socially desirable results in the long run.

Discussion

Our work contributes to the literature of communication studies by synthesizing concepts of narrative theory and argumentation in order to understand how the questions of accountability and responsibility in relation to social media companies are shaped in societal discourse. The power that is accumulated in the hands of giant social media corporations entails the following questions: What sort of authority can reside over the rules and regulations that bounds their activities? What level of accountability and responsibility do these companies have for the mostly unknown consequences of their incredibly pervasive impacts on people's lives? As mentioned by Cragg, (2000, p. 205), a "widely accepted understanding of the respective responsibilities of business and government in the post war industrialized world can be traced back to a tacit 'social contract' that emerged following the

second world war" but with the substantial changes in how social and economic activity is organized across the globe today, there is a need to revisit those responsibilities.

We highlight that any assessment of this relationship is contingent on which narrative of business we follow. In the homo economicus narrative, businesses as selfish actors, simply should not be allowed into the domain of governance at all (Hussain and Moriarty, 2018), but if we take the conservative or the liberal narratives, the economic purpose is often secondary, and the exclusion of corporations is less tenable. Certain forms of influence by corporations on policymaking, such as lobbying, or the exchange of favors can be morally dubious, but in some complex questions, it is just not clear what the role of a company in the political discourse can and should be. When Mark Zuckerberg argues that Facebook's activity contributes to the proliferation of American values (or those of the free world), should this be accepted and taken into consideration when decisions about regulation are made? Or should we be skeptical and assume that this is just empty attempt to minimize government interference with the company's operations? What makes it difficult to find an agreement here – other than the potentially diverging interests – is the lack of epistemic competence by any involved persons or groups. Our contribution in this debate is not that we argue for one side or the other, but that we uncover the nature and essence of the arguments used in practical settings.

Much of the argumentation during the hearing is based on presumptive inference. Presumptions are generally great tools in assisting a dialog to move forward, because providing definitive evidence for every argument put forward would require a lot of time and effort and would render most dialogs very impractical (Walton, 2008). However, the effectiveness of this process is seriously hampered if the truthfulness of the reasoning is questioned by the parties participating in the debate and the nature of the argumentation is eristic. "As such, eristic arguments are specifically a threat to practically rational moral decision-making whenever reality is disputable. In this regard, as post-truth politics increase the use of fake news to shape public opinion (Baird and Calvard, 2019), moral issues are more vulnerable than ever to eristic argumentation" (Kurdoglu and Ateş, 2020). Neville-Shepard, (2019) refers to this as post-presumption argumentation.

Our study also reflects the polarization of popular discourse dominated by incommensurable arguments between right-leaning and left-leaning parties that is exacerbated by misinformation, polarization and selective exposure (Abramowitz and Saunders, 2008;

Hameleers and van der Meer, 2020). Theoretically, the congressional hearing was supposed to be a discussion about the financial risks of introducing a cryptocurrency, but it ended up in a clash of basic beliefs and attitudes (Bem, 1970). As discussed by (Clark and Winegard, 2020), modern political discourse triggers strong tribal motivations and this leads to ideological epistemology. This means that individuals' beliefs about reality are strongly influenced by what type of ideological currents they subscribe to. Political parties, which are built around ideologies, play a crucial role in this, as their institutional narratives guide their followers in assessing reality one way or another. Zuckerberg presents a narrative about his case in which he tries to remain as neutral as possible. He wants to appeal to commonly shared values of the public, but he wants to do that in a discourse that now works based on the same principles of polarization as his own platform. When he defends his company by saying that some issues are complex and need time to work on, committee members demand simple and clear commitments. When he talks about the threat of China, or the role of entrepreneurial innovation, it is turned into highly emotional slogans and is quickly amplified. What we could observe during the hearing is that there was no actual debate going on – hardly any committee member was sincerely interested in hearing what Zuckerberg, or the opposing members wanted to say. They were interested in shaping their own narratives.

We agree with the concluding remarks of Clark and Winegard (2020) that ideological division is just a fact of society that cannot be defeated or eliminated, but it has to be recognized and acknowledged. Indeed, as pointed out by Mutz (2002), exposure to dissimilar views is one of the central elements of a democratic political dialogue. Therefore, even if we seem to arrive to epistemic impasse, we need to continue the discussion, and this study is also meant as an aid for that. By gaining a deep understanding of such instances of societal discourse we can call attention to the pitfalls and hopefully avoid them moving forward.

Before turning to our conclusion, we would like to acknowledge the limitations of our paper and suggest potential future opportunities for research. As highlighted before, our study is highly context dependent. We used the congressional hearing of Mark Zuckerberg in 2019 as an example of the discourse that is taking place in many countries and involves other companies as well. Similar hearings have been organized recently in relation to the topics of censorship, the spread of misinformation about the coronavirus and several other important social-moral issues. Studying more of these events in detail, perhaps by relying on the tools of narrative theory and argumentation theory, could help better understand whether our

findings are generalizable for the political debate about the accountability of social media companies.

Also, as we discussed the narrative construal of reality, and we emphasized that our work is situated in the naturalistic research paradigm, we feel obliged to reflect on our own narrative. Although we highlighted that several factors allow us to distance ourselves from direct biases in the context of the case study, we still rely on axiomatic assumptions that mostly originate from our social-cultural heritage. For example, we treat democratic principles and the right to participate in public discourse as a common good, but this, we have to acknowledge, is driven by the narrative of the modern western way of governance. In certain contexts, it may not be pragmatic to rely on this narrative, even if the subject of the analysis is similar. This would be the case, for instance, when discussing Facebook's role in the tragic events surrounding the persecution of Rohingya people in Myanmar (Fink, 2018). Does the horrendous chain of events that took place there completely eliminate the moral legitimacy of Facebook? How can Facebook be made accountable in such a context? These questions certainly warrant future research.

Conclusion

In this paper we looked at Mark Zuckerberg's congressional hearing as an example of the discourse on the societal accountability of social media companies. The official subject of the hearing was a financial innovation by Facebook and its relation to regulation, but several other important topics were discussed as well, such as data privacy; access to information; discriminative advertisement policies; and inference in national elections. There is no expert or group of experts that can provide objective resolution to these issues, and thus they are subject to political argumentation. The vastly different interpretations of the same factual events through narratives highlight the epistemic problems that societies are facing when no traditional authority can claim hegemony over policymaking. Our observations show that this hearing represents a form of discourse driven by the propagation of political messages that are based on inherently incommensurable moral beliefs and values. This makes it very difficult to arrive at any resolution on the issues of accountability. As a theoretical advancement, we can see that analyzing such a complex discourse with the tools of narrative inquiry and argumentation theory can help us understand what moves the societal discourse forward, and what drives it to an epistemic stalemate. From a practical perspective, our paper shows that studying this discourse without taking sides and deciding what is 'right' or

'wrong' – as much as this is possible through reflecting on our own biases – can further our understanding of the role of Facebook and social media in our lives, which is one of the most current issues of our time.

Dissertation Summary

Unethical behavior in organizations is a societal problem, and this dissertation will not solve it – but that would also be a way too ambitious goal for it. My goal throughout my studies was to acquire knowledge about how others have studied this topic and to integrate ideas from other areas, thus creating a synthesis of new knowledge that can contribute to the problem-solving process.

I started the dissertation by introducing a brief history of how business ethics became a flourishing academic discipline from a concept whose validity was still doubted a few decades ago. Then I argued that in my native country, Hungary, business ethics is still underappreciated and that the business culture of this small European nation could benefit largely from the active inclusion of ethical considerations in business.

Although a large body of business ethics research has contributed to our understanding on unethical behavior in businesses, we see that that the burgeoning theoretical literature seems to have minimal impact on actual wrongdoing. I suggested that one main reason for this is that the majority of research on the topic takes a static perspective and aims to contribute by filling gaps in the literature. I propose instead to start from real-life problems and take a complexity-informed dynamic perspective in trying to find solutions for them. I applied this perspective and described a new way of understanding the dynamics of moral disengagement, organizational culture and unethical behavior by conceptualizing organizations as complex adaptive systems which evolve over time as a result of circular causality and feedback loops, and occasionally go through phase transitions.

I also explored agent-based computational modelling as one of the practical methods of integrating complexity into business ethics research, but for now this project remains an open opportunity that can be pursued further in the future.

On the other hand, in collaboration with my supervisor, we introduced a combination of underutilized methods for understanding the accountability of companies for social-moral issues. Here we focused on the accountability of social media companies, and how this is socially constructed through the use of narratives. We contended that there is no expert or group of experts that can provide objective resolution to such problems, and thus they are

subject to political argumentation. However, this creates difficulties since the completely different interpretations of the same factual events through narratives highlight the epistemic problems that we are often facing today. We observed that in this highly polarized world, genuine debate on social accountability is skewed by the propagation of political messages that are based on inherently incommensurable moral beliefs and values, and this makes it hard to define what corporations are accountable for in a moral sense.

The papers in this dissertation take different perspectives to understanding unethical behavior in organizations. In mono-disciplinary research, this could be considered confusing, but my approach to research is transdisciplinary. Therefore, I have looked at multiple levels of reality: the organizational level and the societal level. The societal level is the basis of the first and the fourth papers, while the organization level is studied in the second and the third ones. By first describing why unethical behavior is especially damaging for business in Hungary, I also situated myself in the research, which is a typical feature of naturalistic inquiry. Then, by zooming in to the level of the organizations, I highlighted that in order to understand the problem, we cannot look only at static images of organizations, but we have to take into consideration how they got to where they are, i.e., what are the processes that drove them to a state where unethical behavior is pervasive. This requires our inquiry to be informed by complexity and to take into account the role of feedback loops and phase transitions. Agent based modelling is a promising new method that aims to build on this, and I introduced an attempt at how it can be utilized in this problem space. Finally, I zoomed out again to the societal level to discuss the accountability of corporations. I discussed how the narratives formulated in a discourse of executives and regulators has the power to distort views on even the most basic aspects of what is "right" or "wrong", and how this hinders the discussion on corporate wrongdoing. I showed that analyzing the narratives helps us understand how we arrive to such an epistemic impasse, and therefore it might help us find ways to overcome this in the future.

This dissertation contributes to the academic discourse on unethical behavior in organizations in multiple ways. First, by introducing a novel epistemological approach thorough building my research on the conceptual framework of transdisciplinarity. Unethical behavior is a complex problem that requires complex tentative solutions, and these cannot be provided through a monodisciplinary approach. By integrating multiple levels of reality

and going not only across, but beyond disciplines, I show that we can take the view of the metaphorical birds flying outside of their cages to integrate new knowledge about the topic.

Second, I address the topic of unethical behavior in organizations from a dynamic perspective instead of following a static approach as it is most common in the literature. Although others have also looked at the spread of immoral behavioral patterns in organizations, I offer new conceptual tools to explore how organizations become unethical. This is most prominent in the second paper of the dissertation, where I show how moral disengagement and organizational culture can help us better understand how wrongdoing becomes the norm in organizations, specifically if organizations are seen as complex adaptive systems. This requires that we apply the framework of complexity-science to organizations and build on such concepts as circular causality, negative and positive feedback loops, phase transitions and emergence. Most of these have rarely or not at all been used in business ethics, and my paper shows how they can be applied to understanding the processes through which organizations become more unethical.

Third, I extend rarely used methodological approaches into the field of business ethics. In the third paper of the dissertation, I show how agent based computational modelling can be used to study the spread of unethical behavior in organizations. This research method has gained more traction with the improvement of information technology, but it has rarely been used to address question of unethical behavior. The paper shows that there is potential to explore the use of this method further in business ethics. In the fourth paper, we use narrative and discourse analyses which are also underutilized methods in the field of business ethics. While computational modelling, for example, can capture findings that are measurable, we have to see that certain aspects of unethical behavior are intractable through quantitative research methods. These can lend themselves more readily to the use of qualitative tools, such as the analysis of narratives and argumentation. These methods can be best applied when grounded in the naturalistic research paradigm since they require that the researcher(s) acknowledges their own presence and account for the subjective elements of the research through rigor and careful self-reflection.

My dissertation also has the potential to offer relevant insights to practitioners in organizations. It reiterates that the simplistic view of 'bad apples' being solely responsible for organizational wrongdoing is incorrect. One has to understand the complexities of organizations to be able to prevent or combat the proliferation of unethical behavior. I also

provide anchors on where to look for important factors when trying to understand the causes of unethical behavior. On a societal level, it is important to understand the business culture of the country where an organization is situated, and the first paper of the dissertation discusses how the Hungarian business culture is often not yet compatible with honest and ethical business practices. The second paper offers advice on the level of the organization by suggesting that the deciphering of organizational cultures and the finding of clues to moral disengagement can help leaders or consultants see if the organization is on a path to becoming more unethical, and by offering steps which can help reverse harmful processes. The fourth paper shows the importance of the narratives of organizations and discourse that surrounds morally dubious actions. A similar analysis can be carried out for different texts and events of high importance, and this can help understand otherwise seemingly irreconcilable differences about crucial issues.

Overall, the contributions of this dissertation can be summarized as follows: by integrating a complexity-informed dynamic view of unethical behavior and the use of narrative analysis of companies' accountability, I proposed novel ways of understanding how organizations become unethical.

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