A Paradox of Ethics: Why People in Good Organizations Do Bad Things

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Main Concept: Paradox of Ethics / Good Barrel Approach

I. MAIN IDEA

What is the article about?

The article asks:

Why do people sometimes do bad things even when they belong to a good and ethical organization?

The usual explanation is the **Bad Barrel Approach**:

- **Bad apples** = bad/unethical employees
- **Bad barrel** = an unethical organization or environment
- The organization's culture and climate can encourage unethical behavior.

Kaptein proposes another perspective:

🍎 BAD BARREL vs. 🛢️ GOOD BARREL

Bad Barrel Approach

People behave badly because the organization itself is bad.

Good Barrel Approach

People may behave badly because the organization has become very good/ethical, which can unintentionally create new pressures, temptations, or weaknesses.

This is the article's **novel contribution**.

⭐ Easy memory:

Bad barrel = bad organization → bad behavior

Good barrel = good organization → can sometimes create conditions → bad behavior

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II. WHAT IS THE PARADOX OF ETHICS?

Simple meaning:

The **more ethical an organization becomes, the more certain forces can develop that increase the likelihood of unethical behavior.**

So:

GOODNESS CAN BREED BADNESS.

This is called the **Paradox of Ethics**.

Why is it a paradox?

Because normally we expect:

More ethics → less unethical behavior

But Kaptein says:

More ethics → certain threatening forces become stronger → unethical behavior can become more likely.

⚠️ Important:

The article does **NOT** say that becoming ethical is bad.

It says that **ethical improvement can create unintended side effects** that must also be managed.

III. FOUR THREATENING FORCES

There are **4 forces**.

🧠 EASY MEMORY:

UP → DOWN → BACK → FORWARD

Force	Simple Meaning	Mantra
Upward	Ethics should become MORE	“Good should be more.”
Downward	Bad behavior becomes MORE tempting	“Bad becomes more seductive.”
Backward	Organization invests LESS in ethics	“Good should be less.”
Forward	Organization keeps things the SAME	“Good should remain.”

Each force has **2 effects**, giving us **8 effects total**.

IV. UPWARD FORCE

“ETHICS SHOULD BE MORE”

Meaning:

The organization is already ethical, but people expect it to become **even more ethical**.

Mantra:

“Good should be more.”

There are **2 effects**:

1. Gold Digger Effect
2. High-Jump Bar Effect

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1. 🪙 GOLD DIGGER EFFECT

Simple meaning:

The more ethical the organization becomes, the more people **search for mistakes or imperfections**.

Think of a person looking for gold:

More searching → eventually finds something.

In an organization:

More ethical → harder to find mistakes → people search harder → eventually find imperfections.

The “diggers” can include:

- auditors
- managers
- compliance officers
- regulators
- inspectors
- journalists
- activists

They may define success by finding violations or problems.

Example:

A company is already very ethical.

An auditor thinks:

“There HAS to be something wrong.”

So the auditor keeps checking until a small violation is found.

Theory:

Social Identity Theory

People's identity influences how they behave. An evaluator who sees themselves as an **“error finder”** may value finding mistakes.

Why can it cause unethical behavior?

Employees may feel:

- “Nothing I do is good enough.”
- “Someone will always blame me.”
- frustration
- fear
- distrust

This can reduce support for ethics and increase unethical behavior.

⭐ Memorize:

Gold Digger = searching harder for imperfections.

Proposition 1:

The more ethical an organization becomes, the more its imperfections are sought, making unethical behavior more likely.

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2. 🏃 HIGH-JUMP BAR EFFECT

Simple meaning:

Every time the organization meets an ethical standard, **the standard gets raised higher.**

Think:

Jump over bar → bar goes higher → jump again → bar goes higher again.

Eventually:

The bar becomes TOO HIGH → organization cannot meet it.

Example:

Company successfully creates rules against insider trading.

Then people say:

“Okay, now let's apply similar rules to employees' family members.”

Then another standard.

Then another.

Eventually the organization cannot realistically meet all the standards.

Theory:

Theory of Moral Progress

Organizations gradually adopt higher moral responsibilities, but these require resources and capabilities.

Why can it cause unethical behavior?

If standards become impossible:

- employees become frustrated
- commitment to ethics decreases
- standards may be poorly implemented
- people may stop taking ethics seriously

⭐ Memorize:

High-Jump Bar = standards keep getting higher until people cannot meet them.

Proposition 2:

The more ethical an organization becomes, the higher ethical standards are set, making unethical behavior more likely.

V. DOWNWARD FORCE

“UNETHICAL BEHAVIOR BECOMES MORE SEDUCTIVE”

This force pulls the organization's ethics **down**.

Mantra:

“Bad becomes more seductive.”

Two effects:

1. Retreating-Cat Effect
2. Forbidden-Fruit Effect

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3. 🐈 RETREATING-CAT EFFECT

Simple meaning:

When an organization becomes more ethical, **people monitor it less** because they trust it.

Less monitoring = more opportunity to misbehave.

Easy picture:

Good organization → more trust → less monitoring → opportunity → unethical behavior

The “cat” = watchdog/supervisor.

The “mice” = people inside the organization.

When the cat leaves:

🐈➡️ away

🐭➡️ “Nobody is watching.”

Theory:

Theory of Organizational Trust

When trust is high, people are less likely to monitor because they believe the organization is trustworthy.

Example:

A company has an excellent compliance record.

Regulators think:

“They're doing great. We don't need to inspect them as often.”

Monitoring decreases.

Someone realizes:

“Nobody checks this anymore.”

Then unethical behavior becomes easier.

⭐ Memorize:

Retreating Cat = less oversight because of increased trust.

Proposition 3:

The more ethical an organization becomes, the lesser its oversight, making unethical behavior more likely.

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4. 🍎 FORBIDDEN-FRUIT EFFECT

Simple meaning:

The more something is **forbidden**, the more attractive it can become.

Easy formula:

More rules → more forbidden things → more temptation

The article compares this to the biblical story of forbidden fruit.

Example:

An organization has extremely strict rules against something.

Employees think:

“Why is this so forbidden?”

The forbidden activity becomes more tempting.

Theory:

Forbidden-Fruit Theory

It includes:

- **Commodity theory** – things that are unavailable/restricted may become more valuable.

- **Reactance theory** – when people feel their freedom is restricted, they may want to do the forbidden thing to restore their freedom.

Why can it cause unethical behavior?

Strong temptation + prolonged exposure can lead people to give in.

It can also create a **slippery slope**:

Small violation → repeated violation → unethical behavior becomes normal

⭐ Memorize:

Forbidden Fruit = the more forbidden something is, the more attractive it may become.

Proposition 4:

The more ethical an organization becomes, the more attractive unethical behavior becomes, making unethical behavior more likely.

VI. BACKWARD FORCE

"ETHICS SHOULD BE LESS"

This force pushes the organization **backward**.

Meaning:

Because the organization is already ethical, people may think:

"We don't need to spend so much on ethics anymore."

Mantra:

"Good should be less."

Two effects:

1. Cheese Slicer Effect
2. Moving-Spotlight Effect

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5. 🧀 CHEESE SLICER EFFECT

Simple meaning:

The organization slowly **cuts its investment in ethics**, little by little, until it becomes insufficient.

Think:

🧀 Slice
🧀 Slice
🧀 Slice
🧀 Slice

Eventually, too much has been removed.

What gets reduced?

- ethics training
- compliance budget
- ethics programs
- risk assessment
- time and resources for ethics

Theory:

Resource Dependence Theory

Organizations have limited resources, so they try to allocate them efficiently. They may reduce ethics spending when they think the organization can remain ethical with less investment.

Example:

Company:

“We haven't had an ethics problem in years. Let's reduce the ethics training budget.”

Then:

“Maybe we can reduce compliance staff.”

Then:

“Maybe we don't need regular risk assessments.”

Eventually:

⚠️ ethical problems increase.

⭐ Memorize:

Cheese Slicer = ethics investment is slowly cut until it becomes insufficient.

Proposition 5:

The more ethical an organization becomes, the more it reduces its investment in ethics, making unethical behavior more likely.

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6. 🔦 MOVING-SPOTLIGHT EFFECT

Simple meaning:

The organization focuses on **new problems**, so old ethical problems receive less attention.

Example:

Problem A:

Fraud

Company solves it.

🔦 Spotlight moves to:

Harassment

Then:

🔦 moves to:

Data privacy

Fraud is no longer being watched closely.

Eventually:

⚠️ fraud can return.

Theory:

Attention-Based View of the Firm

Organizations have **limited attention**.

They cannot focus on every issue at the same time.

Therefore, when one issue is solved, attention moves to another issue.

Why dangerous?

An old problem may fade into the background.

Less attention → less maintenance → problem may return.

This creates a **cycle** of ethical problems.

⭐ Memorize:

Moving Spotlight = attention moves to new problems, so old problems may return.

Proposition 6:

The more ethical an organization becomes, the more it focuses on new ethical issues, making unethical behavior concerning earlier issues more likely.

VII. FORWARD FORCE

“ETHICS SHOULD REMAIN”

Meaning:

The organization expects its current ethical system to **continue unchanged in the future**.

Mantra:

“Good should remain.”

Two effects:

1. Repeat-Prescription Effect
2. Keeping-Up Appearances Effect

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7. 💊 REPEAT-PRESCRIPTION EFFECT

Simple meaning:

The organization keeps using the **same ethical methods because they worked before**, even when they have become outdated.

Think:

“It worked before, so let's keep doing it.”

But eventually:

Old method → less effective → unethical behavior increases

Example:

Every year, employees receive the exact same ethics e-learning.

Year 1:

✅ Effective.

Year 2:

🙂 Still okay.

Year 5:

😴 Employees ignore it.

But management says:

“Keep using it. It worked before.”

Theory:

Theory of Organizational Ecology

Organizations can develop **inertia**—they become resistant to change.

Stability can be useful, but too much stability can prevent adaptation.

⭐ Memorize:

Repeat Prescription = keep using the old ethical method until it becomes outdated.

Proposition 7:

The more ethical an organization becomes, the longer it continues the same way of managing ethics, making unethical behavior more likely.

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8. 🎭 KEEPING-UP APPEARANCES EFFECT

Simple meaning:

The more ethical and respected an organization becomes, the more pressure it feels to **hide its mistakes** to protect its reputation.

Formula:

Good reputation → pressure to stay perfect → hide defects → problems become bigger

Example:

A famous company has a reputation for being very ethical.

An employee discovers misconduct.

Instead of reporting it, management thinks:

"This will destroy our reputation."

So they hide it.

The problem continues until it becomes impossible to hide.

Theory:

Status Theory

People or organizations with higher status may be judged more harshly when they violate expectations.

⭐ Memorize:

Keeping-Up Appearances = hiding unethical behavior to protect a good reputation.

Proposition 8:

The article's final proposition connects this effect to the increased likelihood of unethical behavior when ethical organizations feel pressure to maintain their reputation and hide defects.

VIII. THE 8 EFFECTS — MUST MEMORIZE 🔥

This is probably the **most important part**.

UPWARD ⬆️

Ethics should be MORE

1. 🪙 **Gold Digger**
   → Search harder for imperfections
2. 🏃 **High-Jump Bar**
   → Standards keep getting higher

DOWNWARD ⬇️

Bad becomes MORE seductive

3. 🐈 **Retreating Cat**
   → Less monitoring
4. 🍎 **Forbidden Fruit**
   → Forbidden behavior becomes more tempting

BACKWARD ⬅️

Ethics should be LESS

5. 🧀 **Cheese Slicer**
   → Reduce ethics investment
6. 🔦 **Moving Spotlight**
   → Attention moves away from old problems

FORWARD ➡️

Ethics should REMAIN

7. 💊 **Repeat Prescription**
   → Keep using old methods
8. 🎭 **Keeping-Up Appearances**
   → Hide problems to protect reputation

The article's table directly pairs these eight effects with their definitions and theories.

IX. 8 THEORIES — MEMORIZE THIS TABLE

Effect	Theory
🪙 Gold Digger	**Social Identity Theory**
🏃 High-Jump Bar	**Theory of Moral Progress**
🐈 Retreating Cat	**Theory of Organizational Trust**
🍎 Forbidden Fruit	**Forbidden-Fruit Theory**
🧀 Cheese Slicer	**Resource Dependence Theory**
🔦 Moving Spotlight	**Attention-Based View of the Firm**
💊 Repeat Prescription	**Theory of Organizational Ecology**
🎭 Keeping-Up Appearances	**Status Theory**

🧠 Super-short memory trick:

G-H / R-F / C-M / R-K

Gold Digger → **S**ocial Identity
High-Jump → **M**oral Progress

Retreating Cat → **T**rust
Forbidden Fruit → **F**orbidden-Fruit Theory

Cheese Slicer → **R**esource Dependence
Moving Spotlight → **A**ttention

Repeat Prescription → **O**rganizational Ecology
Keeping Appearances → **S**tatus

X. THE 8 PROPOSITIONS — SUPER SIMPLE

#	Proposition in simple words
P1	More ethical → more imperfections searched for
P2	More ethical → standards become higher
P3	More ethical → oversight decreases
P4	More ethical → unethical behavior becomes more tempting
P5	More ethical → ethics investment decreases
P6	More ethical → attention moves to new issues
P7	More ethical → old ethics methods are used longer
P8	More ethical → pressure to hide defects/reputation problems increases

The article explicitly frames the eight effects as propositions about how they may increase unethical behavior.

XI. CORPORATE MORAL DEVELOPMENT

The article also uses **Reidenbach and Robin's model of corporate moral development**.

There are **5 stages**:

1. **Amoral**
2. **Legalistic**
3. **Responsive**
4. **Emerging Ethical**
5. **Ethical Organization**

Generally, as the organization moves higher, its ethical culture and climate increasingly encourage ethical decisions.

Important:

An organization **does not necessarily move smoothly upward**.

It can:

- skip stages
- begin at different stages
- have departments at different stages
- regress to a lower stage

Regression can happen when economic concerns are not balanced by moral concerns, and changes such as new management or mergers can contribute.

XII. ORGANIZATIONAL LIFE CYCLE

The article also uses the idea that organizations have **life cycles**.

Simple pattern:

Inception → Growth → Maturity → Decline → possible renewal

Different stages have different:

- opportunities
- problems
- needs

- priorities

Threatening factors can change as an organization develops.

Why is this important?

Kaptein combines:

Corporate Moral Development

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Organizational Life Cycle

to explain how becoming more ethical can activate threatening forces.

XIII. BAD BARREL VS GOOD BARREL

BAD BARREL

Focus:

What is wrong with the organization?

Examples:

- unethical culture
- bad ethical climate
- bad systems
- bad organizational environment

GOOD BARREL

Focus:

What unintended problems appear because the organization becomes more ethical?

Examples:

- too much pressure
- less monitoring
- reduced investment
- temptation

- outdated systems
- hiding mistakes

XIV. PRACTICAL IMPLICATIONS

What should managers do?

Managers should **not only fix bad-barrel factors**.

They should also watch for the threatening forces that arise **because the organization is becoming more ethical**.

Two main approaches:

1. CHANGE THE BELIEFS

Managers can challenge beliefs such as:

“If we're already ethical, we must keep adding more responsibilities.”

or

“If we're ethical, we should never have any defects.”

2. MITIGATE THE EFFECTS

If beliefs cannot be changed:

- increase internal oversight when external supervisors retreat
- monitor areas where forbidden behavior becomes tempting
- establish a minimum level of ethics investment

⭐ Main practical lesson:

Being ethical is not enough. Organizations must continuously manage the unintended effects of being ethical.

XV. POSSIBLE EXAM QUESTIONS 🔥

Q1. What is the paradox of ethics?

Answer:

The paradox of ethics is the idea that as an organization becomes more ethical, certain threatening forces may become stronger and increase the likelihood of unethical behavior. In simple terms, **goodness can sometimes breed badness**.

Q2. What is the good barrel approach?

Answer:

The good barrel approach explains unethical behavior not only through bad employees or a bad organization, but through the **unintended effects of an organization becoming more ethical**.

Q3. What are the four threatening forces?

Answer:

1. **Upward force**
2. **Downward force**
3. **Backward force**
4. **Forward force**

Q4. What is the Gold Digger Effect?

Answer:

It occurs when the more ethical an organization becomes, the more intensely people search for imperfections until they find them.

Q5. What is the difference between Gold Digger and Retreating Cat?

Gold Digger:

More ethical → MORE searching

Retreating Cat:

More ethical → LESS monitoring

🔥 Easy distinction:

Gold Digger = too much checking

Retreating Cat = too little checking

Q6. What is the Forbidden-Fruit Effect?

Answer:

It means that as an organization becomes more ethical and more behavior becomes prohibited, unethical behavior can become more attractive and tempting.

Q7. What is the Cheese Slicer Effect?

Answer:

It occurs when an organization gradually reduces its investment in ethics until the investment becomes insufficient to prevent unethical behavior.

Q8. What is the Moving-Spotlight Effect?

Answer:

It occurs when attention shifts from an old ethical issue to a new one, causing the old issue to receive less attention and potentially return.

Q9. What is the Repeat-Prescription Effect?

Answer:

It occurs when an organization continues using the same ethics-management method because it worked before, even when that method has become outdated.

Q10. What is the Keeping-Up Appearances Effect?

Answer:

It occurs when an ethical organization feels pressure to maintain its good reputation, causing it to hide defects or unethical behavior until the problems can no longer be hidden.

XVI. 🚨 ONE-PAGE CRAMMER

If you're **super tired before the exam**, memorize THIS:

MAIN THEORY:

Good organization ≠ automatically no unethical behavior.

PARADOX:

More ethical organization → threatening forces become stronger → unethical behavior may increase.

4 FORCES:

⬆️ UPWARD

Ethics should be **MORE**

- Gold Digger = **find more mistakes**
- High-Jump Bar = **raise standards**

⬇️ DOWNWARD

Bad becomes **MORE seductive**

- Retreating Cat = **less monitoring**
- Forbidden Fruit = **more temptation**

⬅️ BACKWARD

Ethics should be **LESS**

- Cheese Slicer = **cut ethics investment**
- Moving Spotlight = **attention moves away from old issues**

➡️ **FORWARD**

Ethics should **REMAIN**

- Repeat Prescription = **keep old methods**
- Keeping-Up Appearances = **hide defects**

THEORIES:

Gold → Social Identity

High Jump → Moral Progress

Retreating Cat → Trust

Forbidden Fruit → Forbidden-Fruit Theory

Cheese → Resource Dependence

Moving Spotlight → Attention

Repeat Prescription → Organizational Ecology

Keeping Appearances → Status

FINAL LESSON:

Don't only ask: "How do we make an organization more ethical?"

Also ask: **"What problems might our ethical success create?"**

That is the heart of **Kaptein's Paradox of Ethics**.