



Preparation for Courage: Ten Misconceptions about Compromise and How the MBA Oath Helps Address Them

I remember looking out the picture-glass window at the glow of the city lights, then noticing my hand shaking slightly as I reached for my glass of chardonnay. I made an effort to settle myself inwardly as I looked across at my client sitting in the booth opposite me. Gwen was a very tall woman, a force-to-be-reckoned-with-executive, CIO of a \$4 billion dollar company, and about 20 years my senior. And I had invited her out for a glass of wine because I was afraid of her.

Ever since my preliminary meeting with her team during my first consulting gig out of business school (HBS '91), I had found myself alternating between aggressiveness and avoidance in working with Gwen. I cringed one day when I discovered I had "inadvertently" left her off a meeting invitation list. I realized I faced a choice: I could continue as I was and tap dance through my explanations about why the project was stalled due to lack of buy-in from her team or I could reach out and try to form a working relationship with this powerful person.

So I bit the bullet and invited her to meet after work. She quickly agreed and suggested her favorite wine bar at the top of a high-rise with a gorgeous view of the city. After some opening small-talk, I told her flat-out that I had let myself become intimidated by her and I didn't want to be. That I thought we could create something valuable for her company if we could learn to partner more effectively and that I was curious how she got to be so powerful.

To my absolute surprise, she didn't react with scorn or criticism or even a pep talk. Instead, she revealed something I will never forget. She told me that she didn't recall when she became so powerful, and it was troubling her a bit to think about it. "I joined the company to change things," she told me. "There were very few women leaders in those days and I wanted to help dissolve the glass ceiling. I told myself I needed to start by earning power, and once I had it I would be able to influence things for myself and other women. But I kept putting off the moment when I would take a risk to make those changes. Now I'm at the top and I've gotten into the habit of going along with the way things are. This conversation is making me rethink what I want to do about that." I don't remember much of the conversation after that, because I was no longer intimidated. We were simply two human beings talking about the challenges and satisfactions of work.

This story is a touchstone in my personal efforts to live and work with integrity for two reasons. First, it reminds me of the power of authentic interactions for keeping aspirations, commitments and better instincts alive, especially across generations. And second, it highlights some of the dynamics of compromise that I've since come to study in more depth. Because of these, I think it shows the potential for how powerful a public declaration such as the MBA Oath can be.

Ever since I heard about the MBA Oath (MBAOath.org), I have been excited about the prospect of clarifying our professional commitments as leaders and managers, and putting them in the context of the power and responsibility we hold in modern free market economies. Yet I also understand the questions about whether, having signed an oath, we are likely to act any differently under pressure.

I understand these questions because I have just spent four and a half years speaking to professionals about compromise at work: what pressures they experienced, how they adapted, how they didn't, and what helped them stay true to the person they most wanted to be. And what surfaced in those interviews was how easy it is to make a "devil's bargain by degrees", incrementally eroding our principles and values without being able to exactly pinpoint the moment of choice. Like Gwen, many of them found they had fallen into compromises they later questioned or regretted. Conversely, when those same people told me about times they had acted in alignment with their values under pressure, it was often because they had a clear sense of purpose and mission, a reason for courage that put the risks of standing up in the larger context of what they really cared about, who they truly admired, and how much freedom they actually had to choose how they engaged at work.

This is why the MBA Oath represents such a powerful opportunity. It has the potential to serve as a touchstone to activate clarity and courage in the melee of today's turbulent business environment.

You may wonder at my use of the term "activate". We often think of ethics and values as qualities you either have or you don't. But research is showing that it is more accurate to view integrity as a quality that we can activate (or override) in ourselves and others. For example, consider this study by Dan Ariely and his colleagues at the Sloan School of Management at MIT: In a self-scored math test with financial incentives, 64% of the participants cheated. Yet when participants were asked just prior to the test to reflect on the source of their values, cheating dropped to zero.¹

Not knowing how susceptible we are to situational influences can lead to less ethical behavior because we are unprepared and ill-equipped to counter these powerful situational forces – or fail to create the set of relationships, touchstones and practices that enable us to self-activate our values regardless of the environment. During my interviews, I discovered ten misconceptions about compromise and ethics that individuals once held and later questioned, or that social psychology and organizational studies suggest may not be accurate.

In my view, the MBA Oath is particularly compelling because it is crafted to provide an antidote to most of these misconceptions, and if supplemented with ongoing reinforcement, can address the others.

Ten Misconceptions About Compromise at Work

Misconception #1	Alternative Proposition
Compromise is always healthy.	Compromise can be unhealthy too.
<i>Most of the time we assume that flexibility is a good thing, especially in dealing with our own "side" in business. It can be quite a shock to realize how easy it is to cross our own lines, not because we intentionally took advantage, but because we adapted and complied where we should have differed. "You never realize you are going to have to fight your own team!" one CFO told me.</i>	
How the MBA Oath Helps	
<i>The oath creates a counter-balance to immediate pressures by reminding us of our larger responsibilities and loyalties.</i>	

Misconception #2	Alternative Proposition
Good companies and leaders don't create unhealthy pressure to compromise.	Even good companies and leaders create unhealthy pressure to compromise.
<i>All leaders have blind spots and companies can compromise their commitments through over-confidence or inattention. One study showed that even in companies with a strong ethical culture, 24 percent of the staff surveyed observed at least one incidence of ethical misconduct within the prior twelve months.ⁱⁱ Evidence also shows that very small actions at the right moment can help organizations stay true to their missions and values. For example, in a meeting that was turning into double-speak, one team member said, "Hey, let's make this real." That comment turned out to be the tipping point in the project.</i>	
How the MBA Oath Helps	
<i>The oath reflects an understanding that we are not inherently "good guys" or "bad apples" but must all continually pay attention... and prompt each other to pay attention.</i>	

Misconception #3	Alternative Proposition
Unhealthy pressure is the leader's fault.	Your own integrity can't depend on your leader's.
<i>In the well-known Milgram experiments (in which individuals were asked to help "teach" another person using electric shocks) subjects felt intense personal distress and regret afterwards, despite the fact that they were following instructions. In the heat of the moment, they had forgotten that it was their responsibility to take back authority for their actions when the experiment became harmful.ⁱⁱⁱ</i>	
How the MBA Oath Helps	
<i>With its emphasis on individual responsibility, the oath reminds us to consciously choose how we respond to external pressure, even from the top.</i>	

Misconception #4	Alternative Proposition
You have to go along to survive.	Going along can become a self-depleting trap – but there are much better options!
<i>Under pressure, we tend to weigh our choices from a very narrow perspective, underestimating the ultimate costs of the compromise (in terms of stress, demoralization, invitations to bullies, and loss of trusted relationships), losing touch with the higher priorities that matter more than our career goals, and falling into simplistic assumptions about what will happen if we push back. For example, the 2009 National Business Ethics</i>	

Survey shows that ethics and ethics reporting actually improve during recessions, contradicting the assumption that we cannot speak up during hard times.^{iv}

How the MBA Oath Helps

The oath increases the chances we will make hard choices from positions of strength rather than “caving” out of fear.

Misconception #5	Alternative Proposition
You’ll always know if you’re crossing a line.	Compromise is more likely to be gradual because blinders make it hard to see at the time.

According to Max Bazerman, ethicist and negotiations expert at Harvard Business School, “Even good people sometimes will act unethically without their own awareness.”^v We develop “bounded ethicality”, tuning out uncomfortable data, falling victim to unconscious bias or over-confidence, failing to ask questions, or simply letting ourselves become insulated. For example, research by Bazerman and his colleagues shows that unconscious bias may be far more of a problem in the auditing profession than outright corruption.^{vi} Unfortunately, once we have crossed a line inadvertently, we have strong incentives to self-justify and keep going, especially when our actions a) are made publicly, b) impact other people, and c) affect our self-image and identity.

How the MBA Oath Helps

By requiring us to commit to ongoing learning and working with our peers to be accountable, the oath helps us avoid developing blinders and identify issues as quickly as possible.

Misconception #6	Alternative Proposition
The company sets the terms.	More is negotiable than you think.

Contrary to conventional wisdom, organizations operate more like social networks than strict chains of command, as followers influence leaders and peers influence each other. This creates far more space to differ than we usually assume, if done skillfully.^{vii} For example, one manager at Standard & Poor’s simply declined to inflate ratings on mortgage-backed securities because it did not fit with the company’s “superior analytical pledge”.^{viii}

How the MBA Oath Helps

Putting the oath in practice challenges us to test our assumptions about where we can and cannot differ or influence for the better.

Misconception #7	Alternative Proposition
You should just say no.	You need more than a “just say no” strategy to be ready when the pressure hits.

“It’s not a lack of a moral compass that’s the problem,” a former purchasing agent told me. “It’s the willingness to stand apart. That’s as terrifying for many of us as adults as it was in high school.” We all need to be ready and willing to say no at any time. Yet the main reason people fail to say no is they do not feel strong enough when the pressure hits. What makes the difference is whether we have invested in the personal foundations that give us the independence and courage to do the right thing.

How the MBA Oath Helps

The oath helps us mentally prepare to set limits and keep an independent perspective. Knowing we may need to act with courage one day, we are more likely to build the internal reinforcement system that gives us the freedom and the skills to say no when needed.

Misconception #8	Alternative Proposition
Refusing to compromise means fighting back.	Fighting is one option, but there are many other ways to influence a situation.
<i>It is easy to end up in a battle of egos that is more about being right than helping the right thing happen. Apparently, the reasoning centers of the brain literally turn off when we are faced with contradictions between our reality and our beliefs, which means fighting back aggressively may just end up locking other people into their positions. Thus it is critical to develop a full range of options for influencing situations, including fighting back, candid conversations, healthy compromise, skillful influence and constructive exit.</i>	
How the MBA Oath Helps	
<i>The tone of the oath invites humility and a focus on serving positive outcomes even when situations require us to hold others accountable.</i>	

Misconception #9	Alternative Proposition
You thrive when you get to the top.	You may or may not thrive at the top; the key to thriving is being engaged in a meaningful pursuit that uses your talents and allows you to meet your real needs.
<i>Research in positive psychology shows that happiness mostly has to do with attitude, relationships, pleasure, and using your gifts and talents.^{ix} Yet one reason we can feel pressed into uncomfortable compromises is the desire to “win” financially in order to have the good life. Gary, a CFO who started out with “something to prove” later rethought his perspective after facing some regrets. “I see money now as a way to get somewhere rather than as a way to keep score.”</i>	
How the MBA Oath Helps	
<i>By inviting us to commit to aims greater than ourselves, the oath increases the chance that we will discover purposes that are intrinsically gratifying and that allow us to actualize our gifts and talents.</i>	

Misconception #10	Alternative Proposition
Individual integrity adds up to organizational integrity.	Organizational integrity is much harder to accomplish than individual integrity – yet it has a much larger impact.
<i>According to Lynn Sharp Paine, author of Value Shift, it takes seven different systems for an organization to reliably keep its commitments – and these systems are often poorly implemented or nonexistent in most organizations.^x Beyond that, as the recent financial meltdown demonstrates, many free-market mechanisms have become distorted, creating intense unhealthy pressure to renege on obligations to key stakeholders or less powerful parties. This puts more of a burden on organizations to act with a level of self-regulation, discernment and responsibility commensurate with their power, including their ability to influence political processes that create laws and regulations that set the rules of the game for markets to function – for better or worse.</i>	
How the MBA Oath Helps	
<i>By calling out the need to contribute to economic, social and environmental prosperity, and naming the risk of preying on systems of unjust laws or corruption, the oath highlights our responsibility to serve the largest possible understanding of our interests and role in society.</i>	

As you can see, the MBA Oath is of immense value as a touchstone that keeps us connected with our highest and best selves. Having that clarity and courage benefits us, because it keeps us in touch with the source of creativity, vitality and self-respect that allows us to create value and reap its rewards. It is better for our businesses because it shifts the focus off clever shortcuts onto the long-term drivers of innovation and value. And it serves our society, because it activates a much broader leadership perspective in the institutions that have so much power to shape the rules of the game.

But as skeptics would point out, an oath is not enough. We need to go beyond a one-time declaration to create an internal reinforcement system that keeps it alive. We need to maintain the relationships, practices, and simple contact with the world that calls us back to reality when we are off-track or kidding ourselves, so myopically focused on our next promotion that we do not see the clear-cutting of the forest, let alone the trees.

My greatest hope for how we create this reinforcement is by reaching across generations, as Gwen and I did nearly 20 years ago.

In my view, the oath reflects not only the aspirations of emerging leaders, but a broadening of perspective across all generations of management, prompted by an increasing awareness of the larger consequences of our current ways of doing business. During the mortgage-lending boom, there were stories of experienced mortgage brokers literally sick to their stomachs about the excesses of that cycle, wondering what their profession had become. HR Directors I know are now coaching senior leaders wondering if there is a way to do something their kids will be proud of, rather than whatever it takes to please their bosses. There is window of opportunity now, a questioning of the need to play along with the old game that could become a broader effort to reinforce and activate our better instincts whether we are just starting out or, like Gwen, feeling the time is right to reconsider what we use our power to serve.

The simplest way to encourage this virtuous cycle is to read the oath, and if it rings true for you, sign it. (Go to MBAOath.org) As alumni, we can say "yes" to this stake put in the ground by the next generation. As new MBA's, we can continue to make our commitment to these tenets more visible. And we can all jointly increase our efforts to address the difficult practical questions that fulfilling this oath and other values-based commitments require.

After our conversation, Gwen and I continued to work together in a balance of tension and alignment. Eventually, she allocated the talent we needed for the project, so that together we dramatically reduced their new product development cycle time while improving risk management and quality. I am not sure where Gwen came down about making a difference for women in her firm. But I do know that our relationship from then on reflected the sort of mutual respect, constructive challenge, and commitment to serve a larger good that I now hold as a model for more of my professional relationships.

All the best to you as your work unfolds,

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End Notes

ⁱ Dan Ariely, "How Honest People Cheat," *Harvard Business Review* (February 2008): 9.

ⁱⁱ Ethics Resource Center, *2007 National Business Ethics Survey: An Inside View of Private Sector Ethics* (Arlington, VA: Ethics Resource Council, 2007), pp. 9, 39.

ⁱⁱⁱ Arthur G. Miller, "What Can the Milgram Obedience Experiments Tell Us About the Holocaust? Generalizing from the Social Psychology Laboratory," in *The Social Psychology of Good and Evil*, ed. Arthur G. Miller (New York: Guilford Press, 2004), p. 210.

^{iv} Ethics Resource Center, *2009 National Business Ethics Survey: Ethics in Recession* (Arlington, VA: Ethics Resource Council, 2007), pp. 9.

^v Francesca Gino, Don A. Moore, and Max Bazerman, "See No Evil: When We Overlook Other People's Unethical Behavior," *HBS Working Knowledge*, January 11, 2008, p 26.

<http://hbswk.hbs.edu/item/5839.html>.

Regarding the challenge of insulation, see Roy Y J Chua, "The 'Luxury Prime': How Luxury Changes People," *HBS Working Knowledge*, February 10, 2010.

<http://hbswk.hbs.edu/item/6324.html>. Also, Dan Ariely's work "How Honest People Cheat" (see note ⁱ above) showed that cheating more than doubled when poker chips that could be redeemed for cash were used instead of cash.

^{vi} Francesca Gino, Don A. Moore, and Max Bazerman, "See No Evil: When We Overlook Other People's Unethical Behavior," *HBS Working Knowledge*, January 11, 2008, p 10.

<http://hbswk.hbs.edu/item/5839.html>.

^{vii} See Debra E. Meyerson, *Tempered Radicals: How Everyday Leaders Inspire Change at Work* (Boston: Harvard Business School Press, 2003); and Art Kleiner, *Who Really Matters: The Core Group Theory of Power, Privilege and Success* (New York: Doubleday Currency, 2003).

^{viii} "Credit and Credibility," Now on PBS: online video. <http://www.pbs.org/now/shows/446/index.html>.

^{ix} See Martin Seligman, *Authentic Happiness: Using the New Positive Psychology to Realize Your Potential for Lasting Fulfillment* (New York: Free Press, 2004); and Jonathan Haidt, *The Happiness Hypothesis: Finding Modern Truth in Ancient Wisdom* (New York: Basic Books, 2006).

^x Lynn Sharp Paine, *Value Shift: Why Companies Must Merge Social and Financial Imperatives to Achieve Superior Performance* (New York: McGraw-Hill, 2003), p. 172.