Consider how General Motors managers handled a four-year legal battle with VW over their allegation that a 56-year-old GM executive, Jose Lopez, took 20 boxes of GM proprietary documents when he left GM to join Volkswagen in 1993. In 1992, Lopez was GM's worldwide purchasing czar, known for his ability to cut costs ruthlessly. The missing documents included information about GM's suppliers and their prices for auto parts, as well as information about upcoming Opel car models in the GM Europe division. *Fortune* magazine referred to the four-year legal battle that ensued as a tale of "betrayal" and "revenge." Lou Hughes, head of GM Europe, was furious that Lopez would take proprietary documents to its fiercest competitor. He insisted that there would be no settlement with VW as long as Lopez remained there. When asked what he hoped to gain from the litigation, Hughes replied, "Look, this is not a question of business. This is a question of ethics."[43] Years of investigation yielded no hard evidence to suggest that anyone at VW had actually used the secret GM information. *Fortune* suggested that at the time, "one might have expected GM to act pragmatically, find some face-saving exit, and return its attention to the car business."[44] That might have been the "rational," cool-headed thing to do. Instead, GM escalated the fight, bringing a racketeering suit that was expected to drag on for years and cost tens of millions of dollars. When pragmatic board members questioned the action, the board chairman insisted that the company had to pursue the suit because it "had been terribly wronged." "Some things aren't measured in time and money. They're just who we are."[45] Finally, in January 1997, the two companies settled the case. Lopez, who had already resigned from Volkswagen, was barred from doing any work for VW through the year 2000. Volkswagen paid GM $100 million and agreed to buy $1 billion worth of GM parts over seven years. *Fortune* asked, "But what, in the end did the long, bitter, and costly struggle accomplish? In the cold light of day, the answer seems simple and shocking: not much."[46] A huge company devoted years of attention and spent millions of dollars because its managers were morally outraged that their former friend had betrayed them. It was obviously an emotional reaction.

Clearly, anger and other emotions can influence thoughts and actions. Whether that is good or bad depends on whether the emotion leads to "right" or "wrong" action. If empathy or guilt lead you to recognize an ethical issue or think about the consequences of your actions for others, that's a good thing. If moral outrage leads you to seek justice, that's good as well. But moral outrage can also lead to a desire for revenge, and that may be the time to bring cooler heads to the decision. Those who are not as emotionally involved should be able to offer a more rational and more balanced assessment of the situation at hand. In the GM–Volkswagen case, those pragmatic board members may have been right to support a quick settlement of the case.

Case #3

REFLECTIONS ON THE PINTO FIRES CASE

Dennis A. Gioia

The last chapter ended with a provocative case highlighting some of the sordid events in the history of the Pinto fires problem. As the authors indicate later in this chapter, I was involved with

this infamous case in the early 1970s. They have asked me to reflect on lessons learned from my experience.

I take this case very personally, even though my name seldom comes up in its many recountings. I was one of those "faceless bureaucrats" who is often portrayed as making decisions without accountability and then walking away from them—even decisions with life-and-death implications. That characterization is, of course, far too stark and superficial. I certainly don't consider myself faceless, and I have always chafed at the label of bureaucrat as applied to me, even though I have found myself unfairly applying it to others. Furthermore, I have been unable to walk away from my decisions in this case. They have a tendency to haunt—especially when they have such public airings as those involved in the Pinto fires debacle have had.

But why revisit 20-year-old decisions, and why take them so personally? Here's why: because I was in a position to do something about a serious problem—and didn't. That simple observation gives me pause for personal reflection and also makes me think about the many difficulties people face in trying to be ethical decision makers in organizations. It also helps me to keep in mind the features of modern business and organizational life that would influence someone like me (me, of all people, who purposefully set out to be an ethical decision maker) to overlook basic moral issues in arriving at decisions that, when viewed retrospectively, look absurdly easy to make. But they are not easy to make, and that is perhaps the most important lesson of all.

The Personal Aspect

I would like to reflect on my own experience mainly to emphasize the personal dimensions involved in ethical decision making. Although I recognize that there are strong organizational influences at work as well, I would like to keep the critical lens focused for a moment on me (and you) as individuals. I believe that there are insights and lessons from my experience that can help you think about your own likely involvement in issues with ethical overtones.

First, however, a little personal background. In the late 1960s and early 1970s, I was an engineering/MBA student; I also was an "activist," engaged in protests of social injustice and the social irresponsibility of business, among other things. I held some pretty strong values that I thought would stand up to virtually any challenge and enable me to "do the right thing" when I took a career job. I suspect that most of you feel that you also have developed a strongly held value system that will enable you to resist organizational inducements to do something unethical. Perhaps. Unfortunately, the challenges do not often come in overt forms that shout the need for resistance or ethical righteousness. They are much more subtle than that, and thus doubly difficult to deal with because they do not make it easy to see that a situation you are confronting might actually involve an ethical dilemma.

After school, I got the job of my dreams with Ford and, predictably enough, ended up on the fast track to promotion. That fast track enabled me to progress quickly into positions of some notable responsibility. Within two years I became Ford's vehicle recall coordinator, with first-level responsibility for tracking field safety problems. It was the most intense, information-overloaded job you can imagine, frequently dealing with some of the most serious problems in the company. Disasters were a phone call away, and action was the hallmark of the office where I worked. We all knew we were engaged in serious business, and we all took the job seriously. There were no irresponsible bureaucratic ogres there, contrary to popular portrayal.

In this context, I first encountered the neophyte Pinto fires problem in the form of infrequent reports of cars erupting into horrendous fireballs in very low-speed crashes and the shuddering personal experience of inspecting a car that had burned, killing its trapped occupants.

Over the space of a year, I had two distinct opportunities to initiate recall activities concerning the fuel tank problems, but on both occasions I voted not to recall, despite my activist history and advocacy of business social responsibility.

The key question is how, in the space of two short years, I could have engaged in a decision process that appeared to violate my own strong values—a decision process whose subsequent manifestations continue to be cited by many observers as a supposedly definitive study of corporate unethical behavior. I tend to discount the obvious accusations: that my values weren't really strongly held; that I had turned my back on my values in the interest of loyalty to Ford; that I was somehow intimidated into making decisions in the best interests of the company; that despite my principled statements I had not actually achieved a high stage of moral development, and so on. Instead, I believe a more plausible explanation for my own actions looks to the foibles of normal human information processing.

I would argue that the complexity and intensity of the recall coordinator's job required that I develop cognitive strategies for simplifying the overwhelming amount of information I had to deal with. The best way to do that is to structure the information into cognitive "schemas," or more specifically "script schemas," that guide understanding and action when facing common or repetitive situations. Scripts offer marvelous cognitive shortcuts because they allow you to act virtually unconsciously and automatically, and thus permit handling complicated situations without being paralyzed by needing to think consciously about every little thing. Such scripts enabled me to discern the characteristic hallmarks of problem cases likely to result in recall and to execute a complicated series of steps required to initiate a recall.

All of us structure information all of the time; we could hardly get through the workday without doing so. But there is a penalty to be paid for this wonderful cognitive efficiency: We do not give sufficient attention to important information that requires special treatment, because the general information pattern has surface appearances indicating that automatic processing will suffice. That, I think, is what happened to me. The beginning stages of the Pinto case looked for all the world like a normal sort of problem. Lurking beneath the cognitive veneer, however, was a nasty set of circumstances waiting to conspire into a dangerous situation. Despite the awful nature of the accidents, the Pinto problem did not fit an existing script; the accidents were relatively rare by recall standards, and the accidents were not initially traceable to a specific component failure. Even when a failure mode suggesting a design flaw was identified, the cars did not perform significantly worse in crash tests than competitor vehicles. One might easily argue that I should have been jolted out of my script by the unusual nature of the accidents (very low speed, otherwise unharmed passengers trapped in a horrific fire), but those facts did not penetrate a script cued for other features. (It also is difficult to convey to the layperson that bad accidents are not a particularly unusual feature of the recall coordinator's information field. Accident severity is not necessarily a recall cue; frequently repeated patterns and identifiable causes are.)

The Corporate Milieu

In addition to the personalized scripting of information processing, there is another important influence on the decisions that led to the Pinto fires mess: the fact that decisions are made by individuals working within a corporate context. It has escaped almost no one's notice that the decisions made by corporate employees tend to be in the best interest of the corporation, even by people who mean to do better. Why? Because socialization processes and the overriding influence of organizational culture provide a strong, if generally subtle, context for defining appropriate ways of seeing and understanding. Because organizational culture can be viewed as a collection of scripts, scripted information processing relates even to organizational-level considerations. Scripts are context bound; they are not free-floating general cognitive structures that apply universally. They are tailored to specific contexts. And there are few more potent contexts than organizational settings.

There is no question that my perspective changed after joining Ford. In retrospect, I would be very surprised if it hadn't. In my former incarnation as a social activist, I had internalized values for doing what was right, as I understood rightness in grand terms; but I had not internalized a script for applying my values in a pragmatic business context. Ford and the recall coordinator role provided a powerful context for developing scripts—scripts that were inevitably and undeniably oriented toward ways of making sense that were influenced by the corporate and industry culture.

I wanted to do a good job, and I wanted to do what was right. Those are not mutually exclusive desires, but the corporate context affects their synthesis. I came to accept the idea that it was not feasible to fix everything that someone might construe as a problem. I therefore shifted to a value of wanting to do the greatest good for the greatest number (an ethical value tempered by the practical constraints of an economic enterprise). Doing the greatest good for the greatest number meant working with intensity and responsibility on those problems that would spare the most people from injury. It also meant developing scripts that responded to typical problems, not odd patterns like those presented by the Pinto.

Another way of noting how the organizational context so strongly affects individuals is to recognize that one's personal identity becomes heavily influenced by corporate identity. As a student, my identity centered on being a "good person" (with a certain dose of moral righteousness associated with it). As recall coordinator, my identity shifted to a more corporate definition. This is an extraordinarily important point, especially for students who have not yet held a permanent job role, and I would like to emphasize it. Before assuming your career role, identity derives mainly from social relationships. Upon putting on the mantle of a profession or a responsible position, identity begins to align with your role. And information processing perspective follows from that identity.

I remember accepting the portrayal of the auto industry and Ford as "under attack" from many quarters (oil crises, burgeoning government regulation, inflation, litigious customers, etc). As we know, groups under assault develop into more cohesive communities that emphasize commonalities and shared identities. I was by then an insider in the industry and the company, sharing some of their beleaguered perceptions that there were significant forces arrayed against us and that the well-being of the company might be threatened.

What happened to the original perception that Ford was a socially irresponsible giant that needed a comeuppance? Well, it looks different from the inside. Over time, a reasonable value for action against corporate dominance became tempered by another reasonable value that corporations serve social needs and are not automatically the villains of society. I saw a need for balance among multiple values, and, as a result, my identity shifted in degrees toward a more corporate identity.

The Torch Passes to You

So, given my experiences, what would I recommend to you, as a budding organizational decision maker? I have some strong opinions. First, develop your ethical base now! Too many people do not give serious attention to assessing and articulating their own values. People simply do not know what they stand for because they haven't thought about it seriously. Even the ethical scenarios presented in classes or executive programs are treated as interesting little games without apparent implications for deciding how you intend to think or act. These exercises should be used to develop a principled, personal code that you will try to live by. Consciously

decide your values. If you don't decide your values now, you are easy prey for others who will gladly decide them for you or influence you implicitly to accept theirs.

Second, recognize that everyone, including you, is an unwitting victim of his or her own cognitive structuring. Many people are surprised and fascinated to learn that they use schemas and scripts to understand and act in the organizational world. The idea that we automatically process so much information so much of the time intrigues us. Indeed, we would all turn into blithering idiots if we did not structure information and expectations, but that very structuring hides information that might be important—information that could require you to confront your values. We get lulled into thinking that automatic information processing is great stuff that obviates the necessity for trying to resolve so many frustrating decisional dilemmas.

Actually, I think too much ethical training focuses on supplying standards for contemplating dilemmas. The far greater problem, as I see it, is recognizing that a dilemma exists in the first place. The insidious problem of people not being aware that they are dealing with a situation that might have ethical overtones is another consequence of schema usage. I would venture that scripted routines seldom include ethical dimensions. Is a person behaving unethically if the situation is not even construed as having ethical implications? People are not necessarily stupid, ill-intentioned, or Machiavellian, but they are often unaware. They do indeed spend much of their time cruising on automatic, but the true hallmark of human information processing is the ability to switch from automatic to controlled information processing. What we really need to do is to encourage people to recognize cues that build a "Now Think!" step into their scripts—waving red flags at yourself, so to speak—even though you are engaged in essentially automatic cognition and action.

Third, because scripts are context-bound and organizations are potent contexts, be aware of how strongly, yet how subtly, your job role and your organizational culture affect the ways you interpret and make sense of information (and thus affect the ways you develop the scripts that will guide you in unguarded moments). Organizational culture has a much greater effect on individual cognition than you would ever suspect (see Chapter 9).

Last, be prepared to face critical responsibility at a relatively young age, as I did. You need to know what your values are, and you need to know how you think so that you can know how to make a good decision. Before you can do that, you need to articulate and affirm your values now, before you enter the fray. I wasn't really ready. Are you?

For a more thorough description and analysis of Dennis Gioia's experiences, see his 1992 article "Pinto fires and personal ethics: A script analysis of missed opportunities," *Journal of Business Ethics* 11(5,6): 379–389.

Revisiting the Pinto Fires Case: Script Process and Cost Benefit Analysis

Dennis Gioia, management scholar and expert on social cognition, has provided us with a rare opportunity to look inside the head of someone who was involved in a widely publicized business ethics situation. He has analyzed his own thoughts and behavior as vehicle recall coordinator at Ford Motor Company shortly after the Ford Pinto was introduced in both an article in the *Journal of Business Ethics*[47] and in his "Reflections" that you just read.

In 1972, Gioia graduated with an MBA. His value system included opposition to the Vietnam War and deep concerns about the ethical conduct of business. "I culti-