

BOOK REVIEW

# A Review of "Rotten: Why Corporate Misconduct Continues and What to Do About It"

Marc J. Epstein and Kirk O. Hanson, Los Altos, California:  
Lanark Press (2021)

Review By: Rich Wright

If we think about a piece of rotten fruit in a bowl, we might think of excising what is bad or tossing it altogether. We might ask ourselves questions about the fruit as an entity or wonder if it came from a rotten orchard. Regardless, we know that something rotten – if not handled appropriately and in a timely manner – can spread and spoil the rest.

In *Rotten*, Professors Marc Epstein and Kirk Hanson explore why corporate misconduct is a part of our lives and investigate ways to mitigate the ongoing problems. Ethical behavior, leadership failures, and character issues emerge, and the authors submit that corporate misconduct is a real challenge in today's global business climate and government agencies. I think much of what is covered in their research can be applied to developing as a leader of character.

The three key areas of interest for unethical behaviors are as follows: the bad apple (an individual), the bad barrel (company culture), and the bad orchard (competitive environment). "Despite decades of attempts to rein in misconduct, the problem continues to fester. There is no industry or national economy that appears to be exempt" (Preface, 2021). If we look at the Air Force as a subculture of our national experience, we can find similarities between the case studies and examples in the book and our Air Force Academy's long blue line.

*Rotten* recaps some of the infamous scandals from corporate history – Volkswagen emissions cheating, Takata airbags, Enron, and several others. The Air Force has experienced its own scandals. The B-52 flight of 2007, the Lackland AFB assault scandal of 2009 and other examples hit closer to home. Epstein and Hanson contend that "...misconduct originates in three primary areas: individual values and behavior; corporations where cultures are ethically weak and perverse incentives are strong; and competitive environments that make it difficult, if not

impossible, for corporations and their employees to do the right thing.” (p. 27).

The first key area focuses on the bad apple or individual. “The slippery slope is real. Many bad apples started small and then cascaded into larger and larger misconduct.” (p. 52). Conversely, Epstein and Hanson found, “Individuals who think naturally and deeply about the impact of their behavior on others and about the fairness of policies are likely to be on the positive end of the integrity distribution.” (p. 53). Individuals who demonstrate ethical courage and possess clear examples of doing what is right tend to continue behaving in a way that resists the temptations and pressures to do something wrong.

In looking at the second key area, the bad barrel or company culture, the authors explore several key issues such as a toxic culture. “A toxic culture can also accumulate from many small incidents and behaviors.” (p. 69). Here, we see the importance of consistent behaviors impacting a culture. “Cultures are long-lasting. Bad policies and practices and ‘ways of doing things’ can become so ingrained that it is difficult to root them out.” (p. 71). The daily practice of doing the “little things” right may seem small and insignificant, but these things add up over time to something impactful.

The third key area, the bad orchard or competitive environment, hones in on the fiercely competitive global economy. The need for companies to increase market share, profits or efficiencies invite unethical behaviors and misconduct especially when a “win at all costs” mentality exists. Everyone from line workers to senior level managers may feel overwhelming pressure to succeed or else risk losing out on a promotion opportunity, important assignment or some other type of stratification moment in their careers. Are the systems we employ encouraging this type of behavior or at least inviting the temptation?

One of the reasons corporations fail to prevent misconduct lies in relying too heavily on simple compliance as a means to an end. “Far too many companies, implementing some form of the twelve practices...has become a matter of compliance, of efforts to check the boxes, but not genuine commitment to becoming a good barrel.” (p. 90). A robust ethics training program aimed at preventing bad barrels is insufficient. We must explore what principles mean in practice and focus on how individuals implement their commitments.

Epstein and Hanson offer several problem-solving areas to combat the bad apple, barrel, and orchard: (a) better laws and regulations to prevent misconduct; (b) stronger moral education; (c) more help for companies dealing with bad orchards; (d) greater public and media scrutiny of business behavior; and (e) clearer standards for how companies should handle issues.

*Rotten* highlights the need for senior leaders and employees at all levels to engage in presenting viable solutions to the bad apple, barrel, and orchard. We all have a stake in preventing misconduct and the authors highlight the role of character in combating the creation of bad apples. “We believe we can significantly reduce the frequency or corporate misconduct if business leaders take their responsibilities to manage the ethical purpose, character, and goals of the firm seriously.” (p. 173). Coming back to the Air Force Academy, this is in line with the Leader of Character Framework – Living Honorably, Lifting Others and Elevating Performance.

I would like us to consider how we, as leaders and leader developers, view our roles and purposes in living out the Leader of Character Framework each and every day. What types of attitudes and behaviors are we modeling? How does “practicing habits of thoughts and actions” show up in our lives? What are we doing to challenge, support, and inspire those around us to be a good apple?

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