EXXON AT GRAND BOIS, LOUISIANA: A THREE-LEVEL ANALYSIS OF MANAGEMENT DECISION MAKING AND CORPORATE CONDUCT

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Abstract: In the early 1990s, managers at Exxon decided to seek lower cost disposal in Louisiana for oil-field wastes declared hazardous in Alabama. This decision resulted in injuries to the residents of Grand Bois, Louisiana; the disposal company; Exxon; and the oil industry in the state. Given the need for business and society to manage business operations for mutual benefit, it is essential to understand why businesses injure the public so that similar incidents do not happen again. The authors use three analytical perspectives to suggest how corporations may make unethical decisions without purposefully setting out to do so: their managers may fail to understand changing social expectations for corporate behavior; they may adopt organizational structures, policies, and procedures that block ethical action in the name of efficiency; and they may follow unwritten rules of behavior for career success that exclude ethics. These perspectives suggest that individual Exxon managers may not have been making greed-based decisions, weighing corporate gains against harms to others. The situation more likely involved a failure, for the reasons discussed, to raise ethics questions in making business decisions. This explanation does not make much difference to those injured nor does it absolve those who made the decisions. It does make a difference to society and to companies seeking to understand factors that have to be overcome in any large corporation that wishes to prevent such events from occurring.

The story of Exxon (now Exxon Mobil) and the people of Grand Bois, Louisiana has all the dramatic elements of *Erin Brockovich* and *A Civil Action* (Chris and Fields-Meyer 1998). It was told by CBS Reports as "A Town under Siege," featured on Louisiana Public Broadcasting, and reported in newspapers and magazines. The story is recounted in this paper, not for its drama or to raise public consciousness about corporate wrongdoing, but for a different purpose. Business activities have positive or negative impacts on society and on the businesses themselves. Since both businesses and society seek to manage these impacts for mutual benefit, it is important that the causes of harmful business activities be understood to insure that they do not happen again. Rather than a cinematic portrayal of corporate decision makers as shadowy

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villains, we seek to show how good people could have made harmful decisions when acting as corporate agents. Armed with this understanding, senior executives may be better able to prevent such harmful decisions in the future and mid- and lower-level managers and their employees may be more aware of the importance of raising ethical concerns and of potential barriers in their workplace to doing so.

An examination of the facts indicates that serious harms did occur to the citizens of Grand Bois (Lafayette Advertiser 2001; Courreges 2001). Real dangers to their health were created and their recognition of the dangers and of their seeming powerlessness to gain a remedy caused them great distress (Snyder 1995). The damage was not only to the townspeople. Both Exxon and the disposal company, Campbell Wells-U.S. Liquids, paid monetary settlements and endured two years of very negative press. Some contemporaneous accounts suggested that the oil and gas industry, the federal government, and the State of Louisiana had engaged in a conspiracy to lower the costs of domestic energy production by putting the health of unsuspecting citizens at risk. This publicity so alarmed the people of Louisiana that proposals for processing any petroleum related materials are now met with strong community opposition, even though many of these communities depend on oil and gas for their livelihood. "We don't want to be another Grand Bois!" has become a rallying cry (Gaudet 2001). Reacting to the situation, state officials increased regulation of the disposal process. None of these outcomes would likely have been sought by Exxon managers. The purpose of this diagnosis, therefore, will be to give a plausible account of the organizational features that could have given rise to Exxon's actions in Grand Bois. We will then be in a position to suggest to Exxon, and other large corporations facing the moral hazards of a highly competitive global marketplace, that there are corporate structures and policies which can help prevent future events like Grand Bois.

Methodology

Data collection for this paper involved the construction of a timeline of events in the case based on contemporaneous television and newspaper accounts. The events in the timeline were examined to select several clusters of decisions to be explained. These decisions were selected on a qualitative basis because they appear to be significant in creating the situation and because they suggest the influence of the three factors we were using to analyze the events.

We say "appear" because we have no direct access to the decision makers. Given the significance for litigation and for the careers of those involved, corporate officials are unlikely to speak on the record. Our analysis must be based on evidence from outside the company. For some of its activities, even a public corporation like Exxon is a "black box," the actions of which are open to public scrutiny while the causes remain hidden. The best a researcher can do is "save the appearances" by providing a plausible account of how those actions may have come about. The account is made more plausible by connecting our explanation to the recent history of the corporation. Whereas it is not difficult to find excoriating critiques of Exxon's manner of doing business published in the alternative press (Sells 1999; Corporate Watch 1998), we rely on descriptions of the company published in the mainstream business press since these outlets are less open to dismissal as anti-business by those who work in a corporate environment. Accordingly, if problems are identified in this literature then they cannot be easily dismissed by such individuals.

The three levels of analysis that we apply to the case are connected to research on stakeholder theory and corporate social responsibility, organizational design and structure, and corporate culture. Rather than undertaking a review of the literature in order to further the research in each of these areas (see, for example, Mitchell, Agle, and Wood 1997 on stakeholder theory; Krefting 2003 on organizational design; and Martin 2002 on corporate culture), we apply one set of concepts from each area to explain how this situation might have come about. Our emphasis is on the application of these concepts rather than on their history and context. The aim is to provide business practitioners, ethics teachers, and readers interested in corporate conduct with insights useful in understanding why managers may act the way they do. Having seen the value of these three organizational-level factors, we hope that readers will be motivated to review the research for other useful concepts (for example, Anand, Ashforth, and Joshi 2004) to explain the influence of organizations on the actions of their managers.

The Facts

In early March of 1994, managers at some level in the Exxon Corporation made a decision to move eighty-one trucks of exploration and production (E&P) waste from Big Escambia Creek, Alabama, to the Campbell Wells-U.S. Liquids disposal facility adjacent to the small Louisiana community of Grand Bois. Residents in the town had been working for several years to close this disposal facility because of the perceived threat to the health of adults and children living near the site. The arrival of the Alabama E&P wastes opened a new chapter in this struggle.

A 1980 federal law, the Resource Conservation and Recovery Act, exempted all wastes produced in the exploration and production of petroleum products in the United States from being classified as hazardous, no matter the actual content of the wastes (Crow 1997; CBS News 1997). State governments were given the responsibility of regulating the disposal of these wastes within their boundaries. A cooperative system was established to insure minimum standards and some uniformity among the states, but differences remained (Zganjar 1998).

Alabama regulations required that the Exxon waste be disposed of in a certified facility as hazardous material because of its contents. Louisiana regulations, on the other hand, allowed disposal through a much less expensive process (McMillan 1997). The waste could be pumped into large shallow open pits or cells surrounded by low earth dikes and mechanically stirred so the water and other volatile compounds would evaporate. The dried residue would be hauled to a disposal site and buried. Disposal in Louisiana was estimated to have saved Exxon $515,200, at $92 per barrel for the 5,600 barrels of waste (Dunne 1998a).

As the material was being loaded into tanker trucks to be transported, an Exxon contract employee was directly exposed to the liquid and reported serious injury to his eyes and lungs. Exxon corresponded with the worker regarding his medical claims and provided him with laboratory analysis of the waste. The disabled employee retired to Florida (Dunne 1998b).

The arrival of the waste at the Campbell Wells-U.S. Liquids facility outside of Grand Bois had an immediate impact on the community (Chris and Fields-Meyer 1998). Accustomed to the arrival of materials at the site, residents were surprised to see multiple trucks lining the shoulder of the two-lane blacktop leading to the facility. Workers in fully protective "moon suits" pumped the liquid into cell number 11, located less than 500 yards from the nearest dwelling (Gray 1997). Families in nearby homes reported being assaulted by a noxious rotten egg smell. A toxic fumes alert was communicated to the school and all the children were assembled in the gymnasium to lessen their exposure. A woman driving by the site reported being overcome by fumes and was taken to a nearby emergency room. Over the period of several days, 81 trucks delivered the waste, ten trucks to a convoy. State officials reported that none of the air monitoring equipment at the site showed dangerous concentrations of chemicals. No tests were made specifically for benzene and hydrogen sulfide, even though these chemicals were listed on the shipping manifests of the trucks which delivered the waste and the residents had complained of a rotten-egg smell characteristic of hydrogen sulfide (CBS News 1997).

A small unincorporated community south of Baton Rouge and west of New Orleans, Grand Bois was peopled primarily by descendants of Houma Indians and Acadians (Snyder 1995). The approximately 300 residents valued their family and cultural roots in the area and were unwilling to be driven out or bought out. Galvanized by the seeming severity of this new threat, they renewed their efforts to close the site.

One of the residents, who was acquainted with the local Exxon manager in charge of the waste delivery, wrote the manager a letter asking that Exxon investigate the health hazard being created by the wastes. The manager did not respond to this letter, nor did the company send any investigators to talk with the Grand Bois residents regarding their claims (CBS News 1997). The community also enlisted the help of a local physician who represented the area in the Louisiana Senate and had treated many of their complaints of respiratory difficulties, headaches, and sinus problems. He testified that the ailments seemed to be related to activities at the Campbell Wells-U.S. Liquids but neither he nor a toxicologist from Louisiana State University could show a causal linkage between the disposal site and the residents' complaints (Louisiana Public Broadcasting 1998). His bill to close the facility was defeated in a Senate committee and later in the House by oil industry lobbyists and senators concerned about the effects of the closing on the oil industry (McMahon 1997). Petroleum exploration and production was one of the state's major industries and provided substantial revenues to the state and jobs for its citizens. The concern expressed in the committee hearing was that closing the facility and requiring testing and disposal of hazardous E&P wastes would impose a significant cost disadvantage on domestic producers and raise the price of petroleum and petroleum based products to consumers. The concern expressed privately among oil company executives was that the Grand Bois site was one of the best-run disposal facilities in the state. Admitting that it was an environmental hazard would open the industry to even greater problems at other facilities. Records show that state agencies had fined Campbell Wells-U.S. Liquids repeatedly from 1990 to 1993 (Snyder 1995).

The residents began a legal as well as political battle, hiring a young lawyer from New Orleans who filed 301 civil suits in state court against Campbell Wells-U.S. Liquids and Exxon for damage to the health and property of individual residents. Backed by funds from a large law corporation in Houston, he began preparations for a trial of the first eleven suits (five plaintiffs chosen by the plaintiff attorneys, five by the defense attorneys, and the suit for the passing driver) (McMillan 1998a).

The efforts of the residents gained a great deal of publicity. Ed Bradley, a frequent visitor to the region, read about the situation in *People Weekly* and began work on a CBS documentary titled "A Town under Siege," which aired on December 23, 1997 (Lorando 1997). The story line described a David-versus-Goliath struggle of ordinary people to protect their families and their way of life against the power of the oil industry and a state government in the industry's pay. Scenes of oil industry lobbyists outside the Louisiana Senate chamber and of the discussion in a Senate committee painted the industry and the legislature in sinister tones. The governor was shown suggesting that the residents were taking advantage of an opportunity for a monetary settlement. Dramatic footage showed an approaching hurricane that threatened to breach the dikes and spread the toxins through the surrounding marsh. A videotaped deposition showed the Exxon manager, whom the resident had written, unable to explain why he had not responded or why company representatives had never even visited the community. "I had a discussion with the attorneys," was his reply (CBS News 1997).

Even more potentially damaging in a national context, the documentary returned to Congressional passage of the Resource Conservation and Recovery Act in 1980 which exempted all E&P wastes from a hazardous designation no matter their content. Carol Browner, head of the Environmental Protection Agency, claimed that the exemption had no scientific basis and had been fought by the EPA staff and suggested that a political deal had been made by the Reagan administration to protect the petroleum industry. Ed Bradley ominously reported that because of the exemption no one knows what kinds of hazardous material the oil industry has stored in communities throughout the United States (CBS News 1997).

Newspapers in the nearby city of Houma and in the larger media markets of New Orleans, Baton Rouge, and Lafayette covered the Grand Bois story with above-the-fold feature articles. Beginning with mostly factual treatment, flavored with the David-versus-Goliath theme, the story continued to surface for over a year. Articles recounted the negative publicity the state was receiving nationally, the response of the governor and state regulatory agencies to charges that they were protecting the industry rather than the citizens, and an epidemiological investigation of the residents' health. As the story continued to develop, strong editorials appeared (*Baton Rouge Advocate* 1998). Even the usually conservative paper in the oil town of Lafayette called on state agencies to protect the health of citizens (*Lafayette Advertiser* 1997). "Louisiana: The

State We're In," Louisiana Public Broadcasting's news analysis program, aired two reports on Grand Bois explaining how the regulatory climate in the state was not as strict as neighboring states and reporting the events in Grand Bois (Louisiana Public Broadcasting 1998).

In the midst of the publicity, the state government began to pay attention to the E&P waste problem. At the direction of the governor, the Conservation office on May 1, 1998, began a six-month study of all E&P waste when it left the generation site and again when it arrived at the disposal site to determine how much hazardous material it contained (Redman 1998). Results of these tests were posted on the agency's website as they were received. The first tests showed the presence of hazardous substances but as the testing proceeded over several months the percentage of these hazardous substances declined (McMillan 1998b; McMillan 1998c; Dunne 1999b). Suspicious of the role that the state regulatory agencies had played, the residents refused to submit to a state effort to sample their blood for abnormalities. A Louisiana State University toxicologist, however, conducted tests on the residents and found them to contain significant abnormalities compared with another community in the region (Dunne 1999c).

At the trial of the first eleven cases, Exxon and Campbell Wells-U.S. Liquids maintained that all of their actions had followed the laws and regulations of the United States and the State of Louisiana and that they should not have to pay damages if they did not break the law. The companies also argued that the plaintiffs could not prove that they had suffered any damage nor could they prove a causal link between the waste site and the supposed damage to their health (Dunne 1998d).

The residents faced several difficulties in making their case. The state toxicologist who had gathered the epidemiological findings refused to testify at the trial. A Colorado physician who had gathered data on the medical condition of the residents died shortly before the trial and the judge refused to allow the physician's colleague to present his evidence (McMillan and Dunne 1998).

The wife of the injured Alabama worker read about the trial on the Internet and contacted the residents just before the trial was ending. His testimony was introduced to show that the waste had caused real medical injuries and that the Exxon medical expert who had cast doubt on the residents' claims was not a credible witness (Dunne 1998b). The plaintiff lawyers accused the Exxon legal team of deliberately failing to produce a letter during discovery that had been written about the injured man to Exxon company managers. The Exxon team denied this charge and claimed that the document had been lost somewhere in the company.

With the jury sequestered for its deliberations, Campbell Wells-U.S. Liquids reached a settlement with the residents, agreeing to close the offending cell #11 and to make an unspecified payment to them (Dunne 1998c). Exxon did not offer to settle. The next day the jury returned a verdict of not guilty. They had decided that the residents of Grand Bois had not proven long-term harm from actions by Campbell Wells-U.S. Liquids or Exxon. Only those who lived close to the site and the passing driver were awarded damages totaling $130,000, since their proximity to the waste could have caused their initial respiratory problems. The jurors did not feel that a link was proven between the Exxon waste and long-term health problems in the community. The injury to the Alabama worker did not establish this link in the minds of the majority of the jury since the direct exposure he received was much different from that which the citizens of Grand Bois received. The minority, who voted in favor of the plaintiffs, felt that Exxon produced and then dumped the waste and therefore should be held responsible. Jurors felt that a wrong had been done but seemed to accept Exxon's defense that it was abiding by the law. As jury foreman Terry Lindsey expressed it, "We all felt something needs to be done to prevent this from happening, but to punish a company that is following the guidelines" would be a mistake (Dunne 1998d). The $130,000 in damages was to be shared between Exxon and Campbell Wells-U.S. Liquids. Exxon would later sue to have Campbell Wells-U.S. Liquids pay the entire award based on language in the disposal contract, leaving Exxon to pay no jury ordered damages (McMillan 1998d).

The fact that Exxon did not disclose information about a key witness during discovery was a lingering issue in the case. The trial judge met with Exxon privately to discuss Exxon's internal investigation into why they had not turned over important documents to the plaintiffs about the injured Alabama worker. This private conference was sealed, which the plaintiffs claimed was a further violation of their rights to full disclosure of key evidence (McMillan and Dunne 1999). Plaintiffs' attorney then received a letter from the Exxon attorney admitting that Exxon's senior in-house attorney knew of a letter from the injured Alabama worker. Also, the defendants' physician failed to mention during his testimony that he had examined the injured worker (McMillan 1999). After considering these matters, the judge ruled Exxon Corp must pay $325,000 for not providing all the documents he had ordered turned over to plaintiffs. These funds would be used to cover the cost of legal fees. Despite the judge's decision that Exxon was willfully negligent, he ruled that no new evidence that would change the outcome of the trial had been presented and refused to grant a new trial (McMillan 2000).

The Grand Bois situation had a definite effect on the handling of E&P waste in Louisiana. Because of the extensive press coverage of the events in Grand Bois, public awareness of E&P waste disposal has increased (Associated Press 1998). Communities have begun to speak out against waste treatment facilities near residential areas and water supplies (Gaudet 2001). After three and a half years of emergency rules (Louisiana Office of Conservation 1999), the State Department of Conservation published new regulations for handling and storing oil field waste effective November, 2001. Major provisions include increasing minimum buffer zones between waste pits and the public from 500 feet to 1,000 feet, and to 2,000 feet in the case of waste with higher benzene content. Rules also contain procedural safeguards: companies with a history of noncompliance will be prohibited from getting permits and all waste sites must develop a management plan. Conservation officials hail the regulations as the most advanced in the country. While based on sound science, the rules allow means of disposal which are still workable for waste generators and disposal sites. Press accounts, public officials and environmental activists give credit for these new rules to the controversy over waste disposal at Grand Bois (*Lafayette Advertiser* 2001; Courreges 2001).

Analysis

There are a number of ways to analyze Exxon's actions in this case. One would be to suggest that Exxon managers made sound business judgments based on facts not known to or ignored by the press. The petroleum industry continues to make the case that the vast majority of E&P wastes contain no harmful compounds and that the disposal methods used at Campbell Wells-U.S. Liquids are environmentally safe and cost effective (Metcalf 1997). The fact that industry lobbying brought about the exemption for hazardous materials contained in E&P wastes does not in itself indicate that this exemption has no scientific or utilitarian justification. Lobbying by businesses and industry groups carried on within ethical constraints can be socially beneficial (Hamilton and Hoch 1997). The fact that the jury failed to find proof of a connection between the waste and the plaintiffs' injuries, and failed to declare the actions of the company unlawful lends some credence to this explanation. Exxon's decision to settle the case could have been aimed to prevent further legal costs and bad publicity and not to remedy a wrong done.

While this "sound business decisions" explanation may contain elements of truth, it fails to recognize the damage done to the residents, the two companies, and the industry. Judged by their outcomes, the series of decisions did cause harm. Exxon may have avoided the obvious damage of a guilty verdict and a fine but paid the less obvious but more significant costs of administrative time, a legal defense, loss of customers, reputation and employee morale, and of increased government regulation (Thomas, Schermerhorn, and Dienhart 2004) While feeling constrained not to punish a company that followed the existing law, the jury and interested observers like ourselves may still question whether the legally permitted disposal methods were ethical given the political process by which they were written and the harm they caused the residents.

Another explanation is that the Grand Bois affair was a mistake that any large company in a highly competitive industry, fraught with environmental pitfalls, could have made. Like the "sound business decisions" explanation, however, the "accident" explanation gives us no indication of how companies might do better unless we can determine the factors that caused the accident.

A third explanation is that Exxon was an evil corporation with a bad environmental record, a company made up of bad people hiring other bad people and turning them loose on society and the environment. Corporate managers could have been driven by greed for money and power to ignore the legitimate moral claims of any who stood in their path. This explanation based on gangsterism and greed, however, may not provide us with the kind of insights we are seeking. The company is one of the world's most powerful and profitable corporations, providing millions of people with needed energy. It has been praised for its efficient operations and for leading the energy industry in cutting unnecessary operating costs to generate greater profits for its shareholders (Anderson Forest et al. 2001). Given this level of success, Exxon's employees and managers are not likely to think of themselves or of their company as corporate villains. They would probably characterize themselves as good people in a conventional sense—they work hard, raise their families, support their communities, give to charities, and attend church (Darley 1996). They would describe their company as a good corporate citizen that provides good products and services, jobs for its employees, profits for its stockholders, and wealth for the countries throughout the world where it finds, extracts, refines and sells petroleum and other energy products. If the company and its managers are not lying, "greenwashing" their activities for public relations purposes, or if they are not self-delusional, then we need some other explanation for why conventionally good people can do bad things (Waters 1978). How could managers think of themselves as good when they were behaving badly by harming the residents of a Louisiana community?

Our purpose in analyzing the Grand Bois situation is not to assess whether the Exxon managers' actions were ethically right or wrong. The harm to innocent people at Grand Bois clearly seems to be unethical on the basis of multiple ethical standards—utility, rights, justice, and a Kantian concern for universalizing and treating others as ends, to name a few. Rather, our analysis seeks to prevent a future Grand Bois by understanding why or how Exxon's managers could have made these decisions while in all probability thinking of themselves as ethically blameless. To do this we need to look at the managers' decision processes—at what they looked at in making their decisions.

In discussing the problem of how good people in corporations can do bad things it is worthwhile to distinguish the unknowing decision maker from the coerced decision maker. The manager who makes a decision that leads to Grand Bois may be judged from an outside perspective to have done something wrong—he/she harmed the people there. That may not be how an unknowing manager perceives the decision as it is being made in lived experience. Corporate objectives such as stockholder wealth may block out all other considerations. The chain of decisions that leads to Grand Bois may be so bureaucratized and disconnected from the ultimate result that the decision maker is not even aware of the moral dimensions of the decision he/she makes. As our analysis will suggest, the manager may not be facing a simple decision between profits and ethics. The culture and processes of the corporation may school the manager to ask how the decision will affect his/her own career as well as how it affects the firm's bottom line. The way to prevent harmful consequences caused by an unknowing decision maker is for the culture and processes of the organization to insure that ethics questions are raised at each stage of the decision process.

The coerced decision maker, on the other hand, is aware of the ethical dimensions of the decision but feels pressure from the organization to do what he/she knows to be wrong. The pressures may come in terms of costs to his/her career or loss of connection to networked coworkers for failing to go along. The remedy here is for the senior executives of the company to recognize the sources of such pressure and design policies and processes which allow the manager to resist the pressure.

As a lived experience the manager may experience both conditions. Because of the decision structure and mindset of the company, the manager may be making a decision on waste disposal on the basis of cost efficiency. He/she may have a vague sense that sending it to Louisiana may harm people there. Since his/her career and company objectives require cost cutting, he/she may feel there is no real alternative and consequently does not dwell on the ethics of the decision. From the point of view of the Grand Bois resident who is injured, such a distinction is relatively unimportant. From the point of view of the executive trying to prevent such ethical failures, however, the distinction between unknowing and pressured managers may be essential for an accurate diagnosis and effective remedies.

One other helpful distinction is between mid and lower level managers who made the Grand Bois decisions and upper level managers who structured the corporation so that those decisions were acceptable within the corporation. Those who work in the bowels and guts of the company—the manager in Louisiana transferred to England, the Alabama managers who decided to transfer the waste to Louisiana, the lawyers conducting the Grand Bois trial—may, as our analysis suggests, not even raise the issue of ethics in making their decision or may be pressured to ignore ethical considerations. Even if aware of their company's lack of concern for ethics or of pressures to act unethically, these managers may have little power to change its policies, procedures, and culture (Chambliss 1996). With an eye to the terrible personal and professional costs that whistleblowers pay in our society (*Economist* 2003), the managers' only choice as they perceive it may be to go along or quit. This lack of power does not absolve managers of responsibility but it is important to understanding the context in which they make decisions. Those senior executives, on the other hand, who are charged with determining the company's organization and direction, with deciding on its mission, strategies, and tactics, and with minding the culture which develops among the company's managers, do have the power to make changes and, as we shall argue in the first level of our analysis, the mandate by society to do so.

We propose three levels of explanation for the Grand Bois failures that may prove fruitful in explaining the actions of both classes of manager. The first is that Exxon's senior and implementing managers may not have understood the evolving social mandates for business—the new standards of conduct which society expects them to meet in carrying out their contract to do business. A second is that organizational structures, policies, and processes within the company may have blocked ethical action in the name of efficiency. A third is that the rules of behavior that individual Exxon managers had to adopt to have successful careers with the company may have made it unlikely that they would raise ethical questions.

To carry out this multi-level analysis, we focus on several decisions that were integral to Exxon's actions in the Grand Bois situation. Just as it would make little sense to focus on the corporation as if it were a single decision maker—"Exxon did it"—it would not be possible to analyze all of the decisions leading to Grand Bois. We know that individual managers and lawyers made decisions and will focus on four groups of decisions in carrying out our analysis:

- Moving the waste to Louisiana rather than treating it in Alabama.
- Ignoring the injury to the Alabama worker and other evidence of hazards in responding to the Grand Bois community's concerns.
- Lack of response from the manager who knew a resident of the community.
- Failure to produce at trial the evidence of injury to the Alabama contract worker.

The Evolving Social Mandates for Business

Businesses operate with a contract granted by the society. Keeping that contract requires that business fulfill not only the aims of the individuals who own and run the business but also the aims that society has for businesses in general. In its expectation that businesses will behave responsibly, "Society grants businesses power and those who do not use it wisely will lose it" (Wartick and Wood 1998).

The content of these mandates will vary from society to society and from era to era (DeGeorge 1990). Contemporary German companies, for example, are expected to provide a much greater safety net for workers than U.S. companies. Companies operating in the U.S. have seen their mandates change over the last century. Beginning after the Civil War with the expectation that businesses produce wealth in the form of lower cost and higher quality manufactured items, society's expectations expanded to include mandates that businesses allow labor organizing, provide good wages and safe working conditions, and, at mid-twentieth century, protect the environment. The last half of the twentieth century saw the growth of stakeholder theory (Jawahar and McLaughlin 2001), the anti-takeover statutes of the 1980s (Hoch and Hamilton 1999), the growing strength of the consumer and environmental movements backed by the plaintiff bar (France 2001a), and the recent adoption of sustainability statements by major multinational corporations (*Natural Concept* 2001; Conoco Corporation 2001). These developments signal a change from the classical economic perspective that limited managers' fiduciary responsibility to maximizing the stockholders wealth (Green 1996). The view of businesses' responsibility for solving social problems has moved from Milton Friedman's 1970s argument that corporate philanthropy which produces no profit is taxation without representation (Friedman 1970) to society's approval of the donation of millions of corporate dollars to the city of New York to help remediate the terrorist destruction of September 11, 2001. Businesses today are called upon to recognize obligations to a much wider list of stakeholders than simply stockholders and customers. A recent Business Week/Harris Poll showed that while a majority of Americans give businesses credit for the prosperity of the 1990s, only four percent agree that "making profits for shareholders should be the one purpose of business and that society will benefit from this aim in the long run." Ninety-five percent thought that companies had more than one purpose and should sacrifice some of their profits for the sake of their workers and communities (Bernstein 2000).

The decisions that led to Grand Bois could be explained by the company's focus on the social mandate for fiduciary responsibility at the expense of mandates to safeguard other stakeholders. Exxon's management may have seen its obligations to external stakeholders only in terms of improving their economic lot (Anderson Forest et al. 2001: 68). This could have happened in spite of stated values of Exxon that clearly recognize obligations to health, safety and the environment, obligations that apply, according to company literature, both inside the fence line for Exxon employees and contractors and beyond the fence line for others who might be affected (ExxonMobil 2005).

The failure of an Exxon manager to respond to the letter from the Grand Bois residents and the company's failure to conduct an investigation could be evidence that they did not understand late twentieth-century U.S. social mandates for businesses. Exxon managers may have felt that their responsibility ended at the disposal company's gate and that Campbell Wells-U.S. Liquids and the state regulatory agencies should deal with any harmful effects from the waste. Exxon's currently stated value of stewardship over its products extends to their handling by contractors (ExxonMobil 2005). Perhaps this value simply was not understood in 1994.

The decision to move the waste to Louisiana rather than treating it in Alabama likewise could be justified on a limited stakeholder view. If a manager's concerns are to maximize profit by cutting costs, then shopping for the cheapest jurisdiction in which to dispose of waste without evaluation of potential consequences makes sense. Exxon has been described as bruising, hard-bitten capitalism exemplified, with only one way of doing things: the most efficient, with the least risk (Anderson Forest et al. 2001: 60). Given the injury to the Alabama worker and the listing of hazardous materials on the transport manifests, the corporation was in possession of information that the waste posed a threat to people who came in contact with it. The fact that this information was not given a high enough priority to sensitize Exxon managers to the potential for over-the-fence-line trouble would be consistent with a low priority assigned to outside stakeholders. This perspective would also explain the position of the U.S. oil industry that testing E&P waste and treating the small percentage that is hazardous is unacceptable because it would raise the cost of domestic production (Metcalf 1997).

Exxon's use of the more lenient laws in Louisiana as a defense against the charge of wrongdoing also can be examined in light of the evolving social mandates for business. Is the explanation that its conduct never broke the law an adequate defense against culpability for having injured others? At the most basic level, we can ask whether managers understood the relationship of law and ethics in the society. Both are systems aimed, among other things, to prevent harm to others. The more serious the harm the more we would expect that both of these systems would forbid such behavior. In the case where the law did not foresee the harm and proscribe the action, managers should expect that society would impose sanctions on them if they knowingly harmed others. This understanding would fall within the broad social mandate that society expects companies to employ ethical as well as legal reasoning in deciding how to act. The reaction to Shell Oil's refusal to withdraw from dealing with a murderous regime in Nigeria is a case in point (Unseem 2002).

Managers might be wise to question whether following the law is an adequate defense when:

(a) the society which promulgates the law is corrupt or unethical;
(b) large segments of the society reject the law or its purposes;
(c) others' interests are being seriously harmed by following the law; and/or
(d) the law itself and the good consequences which follow from it may be threatened by using the law to justify harming others.

Media accounts of Grand Bois suggested that the political system in Louisiana and the granting of the federal E&P waste exemption could be examples of (a) (CBS News 1997; Louisiana Public Broadcasting 1998). Leaving that issue aside, both (c) and (d) would apply. Others were being harmed or at least were perceived by themselves and the press to be harmed. Opening up the discussion of the E&P waste exemption in the context of this harm threatened unfavorable public scrutiny and a call to change the exemption. The industry can count itself fortunate that such a dialogue has not taken place at the national level and that the change in Louisiana regulations has been minimal (Dunne 1999b, 1999c).

Exxon's limited stakeholder view of its obligations can also explain its highly adversarial approach not only toward its opponents in litigation but toward the legal system itself. Exxon is described as employing scorched earth litigation tactics which show no respect for the processes of the legal system as a way to adjudicate disagreements in the society (France 2001b). The failure during discovery to disclose the injury to the Alabama worker, a tactic for which they were sanctioned by the judge, and their conference with the judge without the plaintiff attorneys present, would fit this pattern. If a company's only obligations are to its stockholders, then it could ignore the value to society of institutions like the law. On that view, the only factor determining whether the corporation should break laws, fail to fulfill contracts, or flaunt the rules and customs of litigation would be if the conduct in question ultimately would be profitable. A recent Alabama case may provide an example of just such a calculation. Jurors interpreted internal Exxon documents to indicate that Exxon knew it was shortchanging the state but decided on a cost/benefit basis to disregard the language in the contract (France 2001b).

At the first level of our analysis, then, Exxon's conduct in Grand Bois could have resulted from the corporation's failure to recognize that its limited stakeholder view was incompatible with the evolution of society's mandates for business. If this conclusion is accurate, and Exxon fails to operationalize its current corporate value statements, it will be interesting to see whether society will chip away at the company's contract in many ways—punitive damages awards by juries, more restrictive laws and regulations, failure to gain joint venture partners, and industry and consumer purchasing decisions (France 2001b; Colvin 2001). It is hard to imagine that "the largest and arguably the most powerful corporation in the world today" (Anderson Forest et al. 2001) will be put out of business as Arthur Andersen was after its multiple misdeeds, but it is not unreasonable to suppose that continually ignoring important social mandates will have significant costs to any corporation (Thomas, Schermerhorn, and Dienhart 2004).

It might be argued that stakeholder concerns are an accepted part of business practice and that any executive who fails to recognize the changing social mandates for business must have his/her head buried in the sand. We should acknowledge, however, that reading social mandates is not always an easy task and that comfort may be available for those who wish to resist the message. The limited stakeholder view still has its proponents in the business community, the business press, and among academics. In 1997, for example, the Business Roundtable, a business chief executives' policy group, abandoned its 1988 endorsement of a multiple stakeholder view of management responsibilities: "The paramount duty of management and board is to the shareholder; the interests of other stakeholders are relevant as a derivative of the duty to stockholders" (Business Roundtable 1997). A recent *Economist* commentary (2004) suggests that businesses should resist the call for corporate social responsibility and go back to their jobs of making money for their stockholders. Given contrary views in the marketplace of ideas, executives may sometimes need a weatherman to know which way the social winds are blowing.

There are indications that Exxon has begun to recognize the emerging global social mandate to develop resources, not just for economic benefit, but for the benefit of the people and the environment where the production occurs (Engardio and Belton 2000). On the eve of the construction of a 650-mile oil pipeline from Chad to the Atlantic, Lee R. Raymond, the chairman and chief executive of Exxon Mobil Corporation, rejected criticism that Exxon was cooperating with a government in Chad that had little respect for human rights and pointed to the older social mandate to produce economic gains: "The biggest thing this company can bring to some of these countries is the opportunity to see capitalism and the free market work. Am I comfortable with everything the government of Chad does? No. Am I comfortable with the concept that we're now going to give the Chadian people an opportunity to improve their lot through economic development? Extremely comfortable" (Anderson Forest et al. 2001). In pursuing the project, however, the company has entered into partnership with the World Bank and NGO's to protect the environment and insure the project benefits the people of Chad rather than government officials (Phillips 1999). As one analyst put it: "It's a whole new ball game for Big Oil. The traditional way of doing business—getting the oil out of the ground without getting involved in politics, human rights, and the environment—just isn't tenable anymore" (Unseem 2002).

Organizational Blocks

A second and complimentary way to examine Exxon's conduct at Grand Bois is to examine the company's organizational structure. Assume, contrary to the discussion above, that Exxon managers were convinced in 1994 or have become convinced by 2001 that societal expectations for company conduct had changed and that a limited stockholder view was/is no longer acceptable. That is, assume that the company's management is committed to regarding the health and welfare of over-the-fence-line stakeholders as an important part of its corporate values. Given this commitment, is the company organized to operate in ways that block this value from being given its proper weight in company decisions? The experience of other companies suggests that organizational structures can sometimes block ethical action even when the company is committed to acting ethically. While recognizing the limits of our outside-the-company perspective, let us see if these organizational blocks might help explain Exxon's ethically questionable actions at Grand Bois.

The genesis of this analysis is James Waters's (1978) examination of a General Electric price fixing scandal. His analysis of court records from this case showed that even though management was committed to following the law, certain organizational blocks prevented the company from acting in a legal and ethical manner. General

Electric, a large corporation, had organized itself to operate efficiently and leverage its size and the differing expertise of its various divisions. Waters suggests that seven ways of organizing responsibility and work flow within the company blocked ethical action even though the managers and employees wanted to act ethically. The organizational blocks were: strong role models, strict line of command, ambiguity about priorities, separation of policy making from implementation, division of work, task group loyalty, and protection from outside intervention.

The primary organizational block that may have influenced Exxon's Grand Bois decisions is *ambiguity about priorities*. Exxon was clearly committed to efficiency and cost cutting. Exxon chief executive Lee R. Raymond's reputation was made in part on squeezing costs out of his company in what was a very undisciplined industry (Anderson Forest et al. 2001). At the same time, Exxon and its top managers may have been committed to ethical behavior reflected in company value statements. Holding both these values allowed the corporation to turn a positive face to stockholders interested in returns, and to the society interested in ethical activities as well as products, profits, and jobs.

Given the corporate culture at Exxon, it is probable that middle and lower managers who faced a conflict between cost efficiency and the ethical treatment of people in Grand Bois would have chosen efficiency. Efficiency is a hard criterion, measurable in the cost savings of moving the waste to the more lenient regulatory environment of Louisiana. Ethics is a soft criterion, difficult to measure in short term costs. In the long run, as we shall note in the next section, managers hope to be promoted above the trouble their decisions have caused or to have retired before the consequences come home to roost. Unless middle and lower managers know that ethical behavior is rewarded and unethical behavior punished in annual evaluations, pay, and advancement, the priority assigned to ethics will remain ambiguous (Waters 1978).

Given this ambiguity, individual managers deciding to dispose of the Alabama waste probably did not even recognize a conflict in values requiring them to make an explicit choice between cost cutting or protecting the health of Grand Bois residents. The cost cutting value was so important that the health question in all likelihood did not even enter the decision process in a serious way. Even if it did, the ethical claim of the residents would have been tempered by the considerations that the disposal methods were legal and were essential to the survival of domestic operations. It would be interesting to know whether ethical concerns for the residents' health would have been accepted at all levels up the management chain as a reason to give up significant cost savings.

The same question could be asked about Exxon's litigation tactics. Would legal ethics be accepted as a justification for not winning a case? If cost cutting is always rewarded and ethical behavior is only expected, then employees will choose cost cutting over ethics when they conflict. With regard to Exxon's tactics in litigation, if winning the case is always rewarded and following the rules of judicial proceedings is only expected, winning will be chosen when these values conflict.

A second organizational block, *separation of decisions*, could have been created by Exxon's decision making style. The company employs highly centralized decision making (Anderson Forest et al. 2001) which can bring about efficiencies in a large and diverse organization and insure unity of purpose. Top management can set strict performance goals for the various company divisions and expect them to be met. Middle and lower level managers charged with implementing these policies, however, may discover that unethical actions are the only way to reach these goals. Unless there are mechanisms to convey this information back up the organization so that policies can be revised or exceptions to them granted, the implementing managers may feel trapped into taking the unethical course of action (Waters 1978). Exxon managers in charge of E&P wastes may have recognized the potential harms from the Alabama waste but felt constrained by budget requirements to choose the cheaper disposal in Louisiana.

An organization which is inward looking and suspicious of outsiders (Anderson Forest et al. 2001) can fall into several organizational blocks. Closing the organization to outside influences can promote loyalty and insure confidence that the company's goals can be accomplished. A closed culture, however, may create a block to ethical action called *protection from outside intervention*. Individuals within the corporation will not raise questions about ethics or investigate possible wrongdoing for fear that word of the investigation will leak to the outside and harm the company through bad publicity or regulatory action (Waters 1978).

An inward looking culture can also encourage the *demonizing of outside critics* so that valid criticisms of company actions are rejected because they come from outside. Even more dangerous to ethical discussion within the company is the *demonizing of victims* which suspicion of outsiders can foster (Lanier et al. 2003). Parties complaining of injury are seen as not really harmed because they deserve what happened to them or cannot be believed because they are hoping for a large compensation award. The Governor of Louisiana seemed to be reflecting this kind of thinking in his charge that Grand Bois residents were just complaining to get money (CBS News 1997). Outside health experts were not to be believed even when they worked for the state or a university.

Exxon managers may also have faced pressure from colleagues in their division to remain quiet in order that the division could meet its return on investment target, reportedly averaging 12 percent at the time (*Economist* 1994). This organizational block of *task group loyalty* promotes the efficiencies of teamwork but can block ethical action by individuals when the group is acting otherwise. Individuals depend on their peer networks and are reluctant to raise questions about their peers' ethical judgments (Waters 1978).

The Rules for Career Success

Another perspective for analysis comes from Robert Jackall's study of corporate managers in his work Moral Mazes (1988). Jackall draws on his fieldwork with large corporations to explain the origin and content of moral rules-in-use which guide successful managers through the maze of authority relationships and conflicts in their careers. A manager's experience is characterized by deep anxiety brought about by working in a bureaucracy where sudden changes in the organization and in one's career fortunes are brought about by chance and market forces outside the control of managers. When Grand Bois received the waste, Exxon's U.S. workforce had been downsized by 20 percent in two years (*Economist* 1994). Managers would have been concerned about keeping their jobs. Departing from the norm of cost cutting which characterized the corporate culture would probably have seemed like very risky behavior.

Another aspect of a manager's work environment is the constant conflict among groups within the corporation for power and the use of limited resources. Winning or losing depends more on the relationships the manager has cultivated with mentors and peers than on work accomplished. Success in such an environment requires mastery of social rules—the proper personality, appearance, team play, style, and adaptability—which allow one to get along with others and build fealty relationships. These connections will advance one's career if the group one is networked with has the good luck to advance (Jackall 1988). For the Exxon managers, raising ethics questions and using the vocabulary required to discuss ethics may not have been part of the social rules of the corporation. Raising such questions could have indicated that a manager really did not fit in and was not a team player. In a corporation which does not emphasize or reward ethics discussions, internal whistle blowers risk suffering the same ostracism as those who blow the whistle on the outside (Paine 1994).

Decisions by individual managers are made by looking up and looking around—that is by following agreed upon procedures, fitting in with the bosses. Difficult decisions are avoided or are structured to involve others so that blame can be avoided (Jackall 1988). If at Grand Bois the cost cutting directives were coming down from top management and peer managers were working to implement those directives, even a manager who wanted to raise ethical questions about harm to residents would have had difficulty getting others to take part in that discussion. The same can be said of any member of the litigation team who had questions about the ethics of their courtroom tactics.

The concern to avoid blame could also account for the failure to respond to the residents' letter to the local Exxon manager. Investigating the complaints could be a career ending mistake since the inquiry might produce evidence of harm that the manager would have to champion in an organization unlikely to welcome such news. Ignoring the letter was less risky. Since most corporations have no workable system of tracking who is responsible for past decisions, the emphasis in making decisions is on short term success and on the hope that one will be promoted out of a position before any harmful long term consequences become apparent (Jackall 1988). In fact, the manager who received the letter had been promoted to a London assignment by the time he was deposed by the Grand Bois plaintiffs (CBS News 1997).

The cultural imperatives in the corporation require that all issues be translated into practical concerns about how to get things done. Individual ethical principles that might cause one to draw the line at a particular action are rationalized out of one's personality as counter productive to career success. Decisions are made from the point of view of segmented roles, lack of knowledge, and lack of accountability for mistakes, all of which prevent open, critical discussion. The bureaucracy removes the manager from both the knowledge and consequences of making decisions about a problem (Jackall 1988). The managers who decided to move the wastes may not have known about the injury to the Alabama worker or may not have appreciated its significance for future injury to the residents, given the fragmentation of the decision process. If they did understand the potential for harm, however, and if the manager who received the letter knew the residents personally, would not their personal ethical principles require them to act or at least raise the issue of harm with their superiors? Not, on Jackall's analysis, if they had quieted their consciences as inappropriate in a work environment driven by pragmatic concerns.

Corporations can make a connection for individual managers between the good of their careers and the good of other stakeholders. The corporation must establish authoritative policies that link positive rewards with reducing corporate liability and promoting public well being. The connection between the public good and corporate good must be made plausible to the managers and to the external publics who influence the success of the corporation (Jackall 1988). If the Exxon Corporation did not have such authoritative policies and was not making that connection, it would be very difficult for individual managers to do so in their day to day decisions.

Combining the Three Levels of Analysis

In trying to understand the decisions which led to Grand Bois, we have utilized three analytical perspectives: the corporation's possible failure to understand the changing social mandates for corporate behavior; the organizational blocks which can prevent ethical action in the name of efficiency; and the influence of rules of behavior which managers adopt in order to successfully navigate the moral mazes of the corporate world. Given these three perspectives, it may be simplistic for a critic of Exxon's behavior to suggest that the managers were making clear and conscious choices between profits, pay, and promotion on the one hand and the health of the Grand Bois residents on the other. Our analysis suggests that decisions in large corporations may not be conceived by the decision makers in those terms.

Though we can claim on the basis of injury to the residents that the corporation was negligent, the residents' welfare in all likelihood did not enter into the managers' decision-making frameworks at all. Individual managers were employing a number of decision criteria: cost cutting which would add to the bottom line and fulfill their fiduciary responsibility to shareholders; making their numbers, which was the rewarded corporate value; and advancing their own careers by fitting in, getting the job done and avoiding embarrassing discussions of ethics. The residents, if considered at all, may have been seen as opportunists seeking access to the company's pockets. The members of the press who reported the residents' plight may also have been judged to be opportunists, dramatizing the events for their own economic gain. Managers who did recognize the possibility that residents might be harmed by their company's actions would likely have faced a great deal of pressure to remain quiet.

Regarding the decisions of individual managers, we are not talking about corporate greed in which profits are clearly chosen over protecting the legitimate interests of others. The Grand Bois situation may be more one of negligence. In making decisions about where to dispose of waste, how to deal with complaining residents, and how to craft winning legal tactics, managers may have failed to or felt pressured not to break open the ethics questions about the stewardship of products and the welfare of those outside the company fence line. This distinction between greed and negligence does not make much difference for the residents—they are injured however the decision is framed. It does make a difference for the company, however, if it wishes to avoid similar situations in the future.

The authors' lack of access to internal documents and decision makers renders us incapable of saying which of the three analytical perspectives is more plausible in explaining their decisions or of ruling out the possibility that other perspectives might cast light on what happened. We have suggested that there is evidence that the three we discuss may have been at work. The problem for Exxon and other companies is to insure that the ethics questions are asked and given their proper place in the decision matrix used by their managers (Waters 1978; Paine 1994). It would be interesting to see if, post–Grand Bois, Exxon has put in place authoritative policies to prevent future situations like that one. Simply expressing company values in annual reports and mission statements is not enough. Understanding how decisions leading to situations like Grand Bois are made within their company can help corporations develop policies to deal with their causes.

Remedies

Fortunately, research in the areas of stakeholder theory and corporate social responsibility, organizational design and structure, corporate culture, and business ethics, as well as the discussion in U.S. society of recent corporate scandals have suggested many practical remedies (e.g., Werhane 1999, Pastin 1986, and Hymowitz 2002). If our analysis of mid and lower level managers' decision making is correct, then senior managers should redesign corporate culture, policies, and procedures to include ethics as a key factor in making business decisions. These remedies will be different from those designed to prevent the greedy or the power obsessed or the completely self-interested from breaking the law or acting unethically. For these bad individuals the remedies would be to change their character by re-education or exhortation, or to change the balance of self-interest by significantly raising the penalties for bad actions. Both of these kinds of remedies have a place. The 1991 Federal Sentencing Guidelines for Organizations have motivated companies to educate workers in compliance by raising the penalties for not doing so (Paine 1994). But companies with these programs still break the law and act unethically. Enron touted the success of its RICE program: respect, integrity, communication, and excellence. What we also need to figure out is how to change some of the conditions for working inside the corporation.

One change would be to insure that all levels of the organization attend to society's goals and values as well as to the corporation's goals and values. This would require not only training throughout the corporation but also a sustained commitment by boards of directors and top managers to keep in touch with the changes in society's expectations. Corporations can attempt to influence or even change these expectations when their understanding of the needs and contributions of their industry gives them cause to disagree with a developing social consensus. While not giving in to changing whims, companies should recognize long running changes by using established environmental scanning processes (Wartick and Wood 1998). Attempts should be made to include direct dialogue with those likely to be affected by corporate decisions (Bowen and Power 1993). Some corporations like Conoco instigated citizen environmental advisory groups for its operations in Louisiana that met periodically to raise questions about the company's practices.

To mitigate organizational blocks, companies should adopt strong ethics codes based on benchmarking with successful practices. Vocabularies with which to discuss legal compliance and ethics need to be developed within companies so that managers and employees will be as comfortable raising issues of law and ethics as they now are in raising concerns about worker safety or company profitability. Companies should also adopt methods for internal whistleblowers to report perceived violations without risking their jobs or the acceptance of their peers. Many companies have ethics action lines for this purpose. The 2003 National Business Ethics Survey indicates that companies with four basic elements of a formal ethics program—written standards of conduct, ethics training, ethics advice lines, and systems for anonymous reporting of misconduct—had significantly higher reporting of misconduct and belief among employees that violators of ethics standards would be held accountable. Employees of those companies also reported less pressure to compromise company standards of conduct (Ethics Resource Center 2003).

Companies may also need to change the rules for career success in the company. Executives need to be focused on how their company's actions affect both internal and external stakeholders—they should look out and not just up and around. Exhorting employees to consider those outside the fence line in making decisions is important but not sufficient. Pay and promotion need to incorporate accountability for long term as well as short term effects of executive decisions. Consistent efforts from the boardroom and from top management on down must be made to incorporate law and ethics into the everyday decision making of corporate managers. Some companies have been able to do this through the adoption and constant reference to company values and by annual awards for employees who creatively utilize these values in their work (Hamilton, Smith, and Scheck 2002). The Ethics Resource Center (2003) suggests that top executives and supervisors should talk about the importance of ethics, keep promises and commitments, support employees, and set a good example

A history of compliance and ethics processes at Exxon, if one could be written, would probably show that the company had the required processes in place—corporate values statements, codes of conduct, employee compliance and ethics training, and a hot line to accept employee reports. But if the top managers are not committed to ethics and if managers throughout the corporation are not rewarded and punished for their actions on the basis of ethics, then corporate decision making can exist alongside of and completely unaffected by the presence of these ethics processes. Even an ethics program as well developed as the one at the Boeing Company failed to prevent flagrantly unethical actions in bidding for a satellite launching contract and a leasing agreement for in-flight refueling tankers (Virgin 2003; Holmes 2003).

Thus the responsibility of those who design the corporate decision making system or allow it to develop unchallenged is of prime concern.

Those who implement the policies and procedures of the company—the mid and lower level managers and their employees may, as our analysis suggests, not even raise the issue of ethics in making their decisions or may be pressured to ignore ethical considerations. Situations such as Exxon created at Grand Bois can serve as an example to unknowing managers of the importance, both for the protection of those outside the company and for the fortunes of the company, of asking ethics questions. Managers who face pressure to act unethically or remain silent regarding company actions can resist and speak out. Society expects them to and has tried, with only mixed success, to put measures in place to protect them when they do. This analysis of what happened at Grand Bois may, at the least, give these lower and mid level managers a more realistic perspective on why they are unknowing or pressured and on whether they can consider themselves to be good persons when they cooperate in such actions.

Those who are responsible for the company's organization and direction, for determining its mission, strategies, and tactics are also responsible for asking whether the system in which the employees work fulfills society's mandates and promotes ethical decision making. The analysis presented here may help those executives to reflect on the ethical health of their organization and understand aspects of the corporation's culture which work against ethical decision making.

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