“The Importance (and Difficulty) of Being Earnest”

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Behavioral Ethics
Humility
Most of us assume…

Want to do the right thing

+/= Do the right thing

Know what the right thing is
Behavioral Ethics assumes

Intention + Knowledge ≠ Action

The Grand Canyon
Why the gap? One factor: Illusions
Auditory Illusions: The McGurk Effect
Optical Illusions: The Shepherd’s Table
Tactile illusions: The Rubber Hand Illusion
If your brain can fool:

- Your auditory sense
- Your optical sense, and
- Your tactile sense, then it can also fool

- Your *moral sense*
Behavioral ethics research finds:

• Most people want to think of themselves as good people
• Yet, most people frequently act unethically, usually in minor ways
• Our accomplice:
What causes good people to do bad things?

Cognitive Biases and Heuristics
  – Overconfidence Bias
  – Self-Serving Bias
  – In-group/Out-group Bias

Social & Organizational Pressures
  – Obedience to Authority
  – Conformity Bias

Situational Factors
  – Time Pressure
  – Transparency
Amarillo story
John Berry:

“I have come to believe that we all tend to take the stance on important societal issues that is dictated by the interests of the organization for which we work, and that this is true even when we believe in our hearts that our stance could well be wrong. It tends to remain true even when we try valiantly to divorce our ethics from the source of our salary: I think that there is a deeply-embedded fear of speaking out against the vital interests of our group and that the fear is fundamentally one of others’ reactions: also there is a need to believe in what we are doing even if we don’t really.”
Upton Sinclair:

“It is difficult to get a man to understand something when his salary depends upon his not understanding it.”
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Cognitive Heuristics and Biases

Self-Serving Bias
THE SELF-SERVING BIAS

A. Affects how we collect, process, and even remember information.
1. Collecting Information
“The speeches I drafted … were composed of facts filtered from the stacks of reports and intelligence that daily hit my desk. As I read these reports, facts and judgments that contradicted the British version of events would almost literally fade into nothingness. Facts that reinforced our narrative would stand out to me almost as if highlighted, to be later deployed by me, my ambassador and my ministers like hand grenades in the diplomatic trench warfare.”
2. Processing Information

a. Capital punishment
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   a. Capital punishment
   b. Westen’s study: *the brain lights up*
3. Remembering Information
B. People respond to incentives, even if unconsciously.

1. The more at stake; the more people respond.
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   • Earnings Management Study
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   - Earnings Management Study
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   - Doctors & Big Pharma
C. We are often unaware of how we are impacted by the self-serving bias.
1. In 2000, a top AICPA official testified before the SEC, saying:

“We are professionals that practice by the highest moral standards. We would never be influenced by our own personal financial well being.”
2. Lamar Pierce e-mail: “No doctor does a C-section for the money. You weaken your presentation greatly with urban myths and political nonsense. Your slide is an unethical transmission of physician demonization. Provide me your evidence of unethical C-sections and I will correct your misguidance.”
D. Studies have found that the self-serving bias affects the judgments of:

- Physicians
- Attorneys
- Auditors
- Investment Bankers
- Securities Analysts
- Scientists*
- Expert Witnesses
- Judges

Social and Organizational Pressures

Conformity Bias
Ethics Unwrapped

It's Movie Time!

conformity bias
THE CONFORMITY BIAS

• Asch Study

Solomon Asch
• Petrified Forest Sign: “Your heritage is being stolen. Fourteen tons of rock a year are disappearing, mostly by visitors pilfering of small amounts.”

Effect:
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Effect: Pilfering tripled
• UT Vending Machine
IN-GROUP/OUT-GROUP BIAS
• Different parts of our brains judge in-group and out-group members.
Valdesolo & DeSteno Study

Two tasks needed to be done, one much more time-consuming than the others. Subjects were asked to pick on for themselves and to give the other to someone else. They could just pick, or use a random allocation procedure. Most just picked the easier task for themselves. Then they were asked to judge the fairness of their actions.
• Valdesolo & DeSteno Study

I did it: pretty fair

Someone else did it: not so fair
• Valdesolo & DeSteno Study

In-group member did it: pretty fair

Out-group member did it: not so fair

“Moral Hypocrisy”
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[13 Perspectives on Psychological Science 512 (2018)]
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- Rep. Bob Inglis (R-SC) “I didn’t know anything about climate change. I just knew that Al Gore was for it, and therefore I was against it.”
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  – Needless to say, Democrats aren’t any better.
Good character is essential to ethical behavior.

But, social and organizational pressures, psychological heuristics and biases, and situational factors can cause us to screw up unless we are really careful.
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