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Understanding Ethical Behavior in Organizations:  
Insights from Social Psychology and the PIDER Principle

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Paper prepared for NBER Pre-Conference on Ethics in Business

Abstract

The last decade has witnessed several cases of corporate corruption and individual acts of unethical behavior in organizations that have had large-scale impact on the economic landscape. In this paper, we argue that these cases of corporate corruption were predictable outcomes based on basic processes of social and moral psychology. We discuss recent streams of research in social psychology and organizational behavior that provide insights on when and why even people who care about morality end up crossing ethical boundaries. We offer an organizing framework through our PIDER principle: Power, Incrementalism, Diffusion of Responsibility, Ego Maintenance, and Rationalization all conspire together to create a toxic brew of unethical possibilities. Building off these principles we offer a number of solutions for the problem of organizational corruption including recognizing the existence of these psychological forces, leveraging role models and social norms, creating commitment strategies, and installing locks for honest people.

*Keywords:* corruption; dishonesty; unethical behavior; social psychology; organizations

The accounting scandals and the collapse of billion-dollar companies at the beginning of the 21st century have forever changed the business landscape. These cases of corporate corruption add to a long list of instances of unethical behavior within organizations across a variety of settings (e.g., Frank et al., 2003): employees violate company rules, workers sabotage their peers, consumers shoplift, students cheat on exams, citizens evade taxes, and managers overstate performance to shareholders. Such unethical behaviors are costly to organizations and economic systems more broadly. According to recent estimates, corporate fraud by organizations such as Enron, Worldcom, and Parmalat in one year accounted for an estimated \$37–\$42 billion loss to the U.S. gross domestic product (Graham et al., 2002). Employee theft causes U.S. companies to lose approximately \$52 billion per year (Weber et al., 2003). And fraudulent narcotic prescriptions, which often involve complicity by healthcare workers and pharmacists, cost health insurers up to \$72.5 billion per year.

Dishonest behavior is not limited to such prominent examples of one person or organization causing harm to many individuals. Although less well publicized, the small transgressions of large numbers of people have just as large an impact on our daily lives. For instance, it is many “average Joes” who are responsible for an estimated \$994 billion of annual losses due to occupational fraud (2008 Report to the Nation on Occupational Fraud and Abuse). An estimated \$16 billion in losses to the US retail industry are due to the purchase, use, and then return of worn clothing (Speights & Hilinski, 2005). These losses are not caused by the behavior of just a few people regularly revolving their entire wardrobes, but by that of many individuals who are returning just one shirt or sweater.

In fact, an increasing amount of empirical evidence in the social psychology and organizational behavior literatures demonstrates that dishonesty often results not from the actions

of a few people who cheat a lot, but from the actions of a lot of people who cheat a little (Mazar, Amir, & Ariely, 2008; Gino, Ayal, & Ariely, 2009). When given the opportunity to act dishonestly, many individuals do cross ethical boundaries, if only “by a little bit,” rather than to the maximum extent (Ayal & Gino, 2011; Gino et al., 2009; Mazar et al., 2008).

Given the economic and social importance of these activities, scholars from various fields have become interested in the study of dishonesty and moral judgment. For instance, research in the management literature on unethical behavior in organizations has noted a number of reasons why employees might engage in unethical acts: to benefit themselves (e.g., Greenberg, 2002; Terpstra, Rozell, & Robinson, 1993), to retaliate against the organization (e.g., Skarlicki & Folger, 1997), or to harm competitive coworkers (e.g., Thau, Aquino, & Poortvliet, 2007).

In this paper, we focus on recent findings from the social psychological and organizational behavior literatures and discuss what they have to teach us about why ethics is so hard to maintain in business. The two literatures are complementary to one another in both the type of research questions they explore and the empirical approach they use to answer them. While studies in the organizational behavior literature tend to use a survey-based approach to the study of ethics, most of the studies in social psychology use laboratory experiments. In discussing the various studies published over the last three decades, we highlight their nature, and we also present some studies that have been conducted in the field.

In reviewing various streams of research, we explore the many ways in which social psychology generally, and moral psychology more specifically, can help us understand the subtle ways in which we fail as organizational members and organizations fail as societal members. We start this review by discussing different perspectives existing in the literature regarding the main causes for individuals’ unethical behavior. As highlighted below, the most recent models

proposed in the literature to understand unethical behavior are characterized by two important conclusions. First, these models conclude that morality is dynamic and malleable, rather than a stable trait characterizing individuals. Second, these models conclude that most of the unethical behavior we observe in organizations and society more broadly is the result of the actions of several individuals who, although they value morality and want to be seen as ethical people, regularly fail to resist the temptation to act dishonestly.

### **1. Crossing Ethical Boundaries: The Person or the Situation?**

Scholars interested in ethics have long been discussing whether dishonesty is mainly the result of character flaws (“bad apples” approach), situational influences (“bad barrel” approach) or both (see, for example Treviño’s (1986) person-situation interactionist model, or Jones’ (1991) issue-contingent model). These different approaches focus on different sets of factors to explain the determinants of ethical decision-making and unethical behavior.

Scholars in support of the impact of individual traits or characteristics in explaining unethical behavior suggest that morality is a rather stable personality trait that people develop by going through differences phases of development, something the literature refers to as “stages”. In fact, these scholars commonly propose models for understanding unethical reasoning and behavior which include various stages of moral development. For instance, expanding upon Piaget’s three-stage framework of cognitive development, Kohlberg (1981) suggested that ethical behavior is determined by the sophistication (or “stage”) of a person’s moral reasoning. Kohlberg proposed that moral judgment develops through a sequence of three levels, which are comprised of two stages at each level, resulting in six stages. Although individuals who have reached advanced stages may occasionally reason at a lower level, the central tenet of Kohlberg’s model is that people at more developed stages make superior moral decisions than

those at earlier stages (Gibbs, Basinger, & Fuller, 1992; Rest & Navarez, 1994). Importantly, Kohlberg (1981) argued that “the nature of our sequence is not significantly affected by widely varying social, cultural, or religious conditions. The only thing that is affected is the rate at which individuals progress through this sequence” (p. 25).

Other models or views add situational variations to the impact of individual traits on ethical reasoning and decision making. Rest (1986), for example, proposes a four-step process of ethical decision making: awareness, judgment, intention, and behavior. In this model, success at one stage does not imply success at subsequent stages. Thus, a decision maker may possess moral judgment but because they fail to establish moral intent in one context they engage in unethical behavior. Using Rest’s words, “a person may have very sophisticated ways of making moral judgments, yet may prize other goals more, may fail to follow through, or may not behave morally” (Rest, 1986: p. 455).

On the other side of the spectrum are fingers pointing at the situation. Scholars supporting this second perspective base their theories and empirical work on the assumption that behavior is explained by situational factors rather than by character traits. In other words, character traits do not determine behavior because in most cases situational forces overwhelm individual differences. Several well-known experiments are commonly discussed in support of this “situationist” account. For instance, in the famous Milgram’s experiment, an experimental assistant (an accomplice) asked each study participant to play the role of a teacher and administer ‘electric shocks’ to another participant “the learner” (who was really a confederate or experimental assistant) each time the learner made a mistake on a word-learning exercise. After each mistake, the participant was asked to administer a shock of higher voltage which began to result in ‘apparent’ audibly increasing distress from the learner. Over sixty percent of the study

participants shocked their participants-accomplice through to the highest voltage which was marked clearly with potential danger (Milgram, 1974). These results suggest that it is not individual character that causes one to inflict great pain on an innocent person, but rather the situation in which an authority demands obedience. In fact, Milgram's studies are commonly mentioned in discussions about the effects of authority on obedience. Similarly, in another famous experiment, the Stanford Prison Experiment (see Zimbardo, 2007), Stanford undergraduates were randomly assigned to be either guards or prisoners in a mock prison setting for a two-week experiment. After less than a week, the experiment was suddenly stopped because the guards were engaging in sadism and brutality and the prisoners were suffering from depression and extreme stress. Normal Stanford students had been transformed merely by the situational conditions created for the experiment.

Both of these studies demonstrate two important dimensions that underlie many forms of unethical behavior: incremental steps and hierarchy. Incremental steps or incrementalism refers to the idea that terrible acts don't happen suddenly but result from a series of smaller, seemingly inconsequential steps. For example, in the Milgram experiments the teacher started at a mere 15 V and increased the voltages in 15 V increments. When people take small initial incremental steps towards any direction, they adapt after taking the step and this becomes their new setpoint. The next step they take is from this new setpoint. Overtime, a series of small incremental steps can produce behavior that at a distance seems very abhorrent. But to the individual taking the steps, the last act is simply one small step from their previous one (Gino & Bazerman, 2009; Tenbrunsel & Messick, 2004). The metaphor of a frog in boiling water is often used to explain the effect of these incremental steps. When you put a frog into boiling water it immediately jumps out. But if you put a frog into cold water and very, very slowly over an extended period of

time turn the temperature up, the frog won't be able to detect the change in temperature and will remain in the water even as it boils. The idea of incrementalism can provide insight into large scale atrocities. For example, the Nazis in Germany did not start exterminating Jews immediately. Rather a series of incremental steps of slowly taking away one right and then another over an extended period of time preceded the final solution. It should be noted that incrementalism is an effective technique for leading people down a new path regardless of whether that path is towards the production of good or evil.

In both the Milgram and the Stanford Prison experiments, hierarchy plays an essential part. Hierarchy is the predominant form of social organization in the world because it solves so many problems with organizing a collection of individuals (Magee & Galinsky, 2008). Halevy, Chou, & Galinsky (2011) discussed how hierarchy establishes a division of labor and reduces conflict by creating patterns of deference while motivating performance through the alluring rewards that are offered to the powerful. As a result, the human mind has evolved to be incredibly sensitive to one's own place in a social hierarchy and to act accordingly. Research has shown that although people self-enhance on almost any dimension—from intelligence to attractiveness to morality and charity—individuals are remarkably accurate in their assessments of their own status, as well as that of others (Anderson et al., 2006). For hierarchy to function effectively and smoothly, those who are lower in the hierarchy must defer to those higher in the hierarchy. As a result, when an authority figure asks a lower-ranked individual to take some action, even if that action would be considered unethical, they will often do it.

In addition to incrementalism and hierarchy, studies have identified other situational factors influencing individual dishonesty such as job context, incentive structures, organizational culture (Ferrell, Gresham, & Fraedrich, 1989; Treviño, 1986), or even more subtle influences



such as ambient lighting (Zhong, Bohns, & Gino, 2010), use of fake products (Gino, Norton, & Ariely, 2010), social bonds (Gino & Galinsky, 2010), and environmental wealth (Gino & Pierce, 2009).<sup>1</sup> Additionally, recent work has argued and showed that people (even those who care about morality) sometimes engage in ethically-questionable behavior simply because they do not recognize the moral implications of their actions (Bazerman & Banaji, 2004; Bazerman & Moore, 2008; Jones, 1991; Murnighan, Canteloni, & Elyashiv, 2001; Shu & Gino, 2010).

By stressing the role of situational influences, these studies provide important qualifications to the correspondence between moral traits and moral behavior by recognizing the moderating role of the situation in determining behavior. Thus, the “situational-ethics” approach – at least in its more liberal form – acknowledges that individuals with certain moral traits, even when they strongly value morality, may not behave consistently across different situations, but suggests that morality is *malleable* and *dynamic* (Monin & Jordan, 2009). We return to this concept of malleable and dynamic morality later on in our discussion.

## 2. Insights from Social Psychology

Now that we have explained the main perspectives that exist in the organizational behavior and social psychology literatures regarding the primary causes behind individuals’ dishonestly, we can turn our attention to the findings of three main bodies of work in social psychology that provide important insights into the study of why even good people make unethical decisions. The first body of work we review focuses on the question of how people

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<sup>1</sup> Some of this research, such as studies focusing on the effects of ethics code or ethical climate and culture in organizations, use a survey-based approach, which has the benefit of external validity but often involves correlational analyses. Other research, such as studies on the influence of subtle environmental factors, uses laboratory experiments. Although such studies may be criticized for a lack of external validity, they allow scholars to explore causal relationships in controlled environments. More recently, scholars have started using mixed approaches to the study of ethics. So, for instance, Gino and Pierce (2010) used data from emission testing markets to study illicit helping and hurting and paired their field data with laboratory studies to examine psychological mechanisms that cannot be explored in field settings.

form moral judgments when evaluating their own behavior and that of others. The second body of work we review focuses on the apparent gap between individuals' desire to be good and be seen as ethical by others and their frequent unethical behavior, and discusses research that has examined this gap. Finally, the third stream of work we review focuses on the role of self-regulation in explaining individuals' dishonesty.

### **Moral Judgment and the Rationalization Process**

One of the questions moral psychologists have been exploring over the last many decades is how people make moral judgments. The study of moral judgment is important since whether people consider an action morally wrong or inappropriate may directly predict their behavior. For instance, Bandura and colleagues suggest that individuals often modify their beliefs about ethically-questionable actions through moral disengagement (Bandura, 1990; Bandura, Barbaranelli, Caprara, & Pastorelli, 1996; Detert, Trevino, & Sweitzer, 2008). That is, they face an ethical dilemma and before acting, they morally disengage. Moral disengagement may take different forms, including portraying unethical behavior as serving a moral purpose, attributing behavior to external cues, distorting the consequences of behavior, or dehumanizing victims of unethical behavior. Prior work has demonstrated a positive relationship between moral disengagement and a wide range of behaviors, such as aggression in children (Bandura et al., 1996; Bandura, Caprara, Barbaranelli, Pastorelli, & Regalia, 2001; Bandura, Underwood, & Fromson, 1975), approval of violence toward animals (Vollum, Buffington-Vollum, & Longmire, 2004), decisions to support military actions (Aquino, Reed, Thau, & Freeman, 2007; McAllister, Bandura, & Owen, 2006), and unethical behavior (Detert et al., 2008). This body of work indicates that people are likely to morally disengage across several situations and, as a result, they may behave unethically. This stream of work suggests that people first form a

judgment and then they act. The proposed model to explain people's behavior is thus: Stimulus → Rationalize → Act. When applied to the context of moral judgments, this model suggests that moral judgment ("Action") follows moral reasoning ("Rationalize").

Recently, Haidt questioned the main conclusion of this body of research as well as the arguments made by other models suggesting that moral judgment follows moral reasoning. Moving away from these approaches, Haidt (2001) suggested that people first act and then find ways to rationalize or justify their behavior. Thus, his proposed model takes the following form: Stimulus → Act → Rationalize. To support this model and explore the way in which people reach moral judgments, Haidt conducted a series of studies in which he asked respondents to read and react to stories like the following one:

Julie and Mark are brother and sister. They are travelling together in France on summer vacation from college. One night they are staying alone in a cabin near the beach. They decided that it would be interesting and fun if they tried making love. At the very least it would be a new experience for each of them. Julie was already taking birth control pills, but Mark uses a condom too, just to be safe. They both enjoy making love but decide not to do it again. They keep that night as a special secret between them, which makes them feel even closer to each other. What do you think about that, was it OK for them to make love?

Across several studies, Haidt finds that most people are quick to say that what Julie and Mark did was wrong and only after they have formed such judgment do they try to provide reasons for their answer (e.g., Haidt, 2001). Using many different scenarios, Haidt has robustly demonstrated that moral judgments are typically the outcome of quick, almost automatic, intuitive responses. More deliberate, conscious reasoning tends to come after the intuitive response, and it takes the form of rationalization of that response rather than providing the basis for the moral judgment. Thus, according to Haidt and other scholars supporting this emotion-based view of morality, moral judgments and actions are mostly a reaction to gut feelings that tell us whether something is right or wrong (e.g., Haidt, 2001).

More specifically, the social intuitionist model Haidt proposed posits that moral judgments are primarily based on moral intuitions, which are defined as “the sudden appearance in consciousness of a moral judgment, including an affective valence (good-bad, like-dislike), without any conscious awareness of having gone through steps of searching, weighing evidence, or inferring a conclusion” (Haidt, 2001: p. 818). Several streams of research have built on this approach (see Monin, Pizarro & Beer, 2007), including studies on cross-cultural judgments (Haidt, Koller, & Dias, 1993; Rozin, Lowery, Imada, & Haidt, 1999), moral emotions (Haidt, 2002), and neurological processes (Greene & Haidt, 2002). Across these studies conducted in a wide range of contexts, scholars have come to the same conclusion, namely that “emotions are in fact in charge of the temple of morality” (Haidt, 2002).

For the most part, this body of work on the role of emotions in shaping our moral judgments has focused on individuals’ reactions to the moral violations of others. Recent research in social psychology has provided insights not only on how we form judgments of others but also on how we make ethical decisions ourselves. We turn to this research next.

### **The Dynamic and Malleable Nature of Our Morality**

Research suggests that people lie and cheat on a daily basis, much more often than they care to admit (DePaulo et al., 1996; Fischbacher & Heusi, 2008; Gino et al., 2009; Mazar et al., 2008; Schweitzer, Ordonez, & Douma, 2004). For example, in one study participants were paid according to the number of simple arithmetic problems they solved. When payment was based entirely on participants’ reports of their performance and any fudging of the numbers could not be linked to any individual, participants inflated their performance by 15% on average (Mazar et al., 2008). Employing a slightly different paradigm, Fischbacher and Heusi (2008) conducted a study in which participants were paid according to their report of a roll of a dice, with a higher

payoff for higher rolled numbers. Because participants were able to cheat by reporting higher numbers and to receive larger payments without apparent risk of exposure, 40% of them lied on this task. Taken together, these studies suggest that when given the opportunity to act dishonestly, many individuals do cross ethical boundaries, if only “by a little bit” rather than to the maximum extent.

Why would people cheat just a little? Research in social psychology has consistently demonstrated that people strive to maintain a positive self-concept both privately and publicly (Adler, 1930; Allport, 1955; Jones, 1973, Rogers, 1959; Rosenberg, 1979). Social identity theorists such as Schlenker (1982) and Tajfel (1982) have argued that people want to feel good about themselves and strive to maintain a positive self-image, even when doing so requires a degree of self-deception, pretense, or guile. Examples of the biases that allow us to hold on to a positive self-image include our ability to embrace successes as our own and reject failures as circumstantial (Hastorf, Schneider, & Polefka, 1970; Miller & Ross, 1975), as well as the illusion of control (Langer, 1975; Langer & Roth, 1975) leading us to believe that we can influence chance events and attain better outcomes compared to others (Alicke, 1985; Brown, 1986; Messick et al., 1985). Moreover, most of us are quite confident we can perform better than average across various tests and tasks (Alicke, Klotz, Breitenbecher, et al., 1995, Klar, 2002; Klar & Gilady, 1997; Moore, 2007). Related research has examined the need to maintain a positive self-concept with regard to one’s moral self-image, showing that people typically attach high value to honesty and strongly believe in their own morality (Greenwald 1980; Sanitioso, Kunda, & Fong, 1990).

How can we explain this apparent gap between one’s dishonest behavior and one’s desire to maintain a positive moral self-image? Over the last decade, Monin and his colleagues (among

other scholars) have explored this question and have argued that one's own morality is dynamic and malleable. Monin suggested that at any given moment individuals may answer the question of how moral they are differently:

“... as with the self-concept more generally (see Markus & Nurius, 1987), people's thoughts and behavior are often guided by a “working” level of moral self-regard that fluctuates from moment to moment according to situational influences... we contend that situations actually can affect aspects of the self-concept and can therefore influence behavior through this mediator, rather than moderate the link between self and behavior.” (Monin & Jordan, 2009: p. 10)

Three lines of research by Monin and colleagues are consistent with this view of one's own morality as malleable and dynamic: research on moral credentials, research on moral resentment, and research on moral compensation. We discuss each of them next.

*Moral credentials.* The first line of research supporting the notion that morality is dynamic and malleable is research starting with the assumption that it is important to consider the sequence of occurrence of moral choices and actions. That is, people commonly examine their decisions within the context of their recent behavioral history (Zhong, Liljenquist, & Cain, 2009). When individuals decide whether or not to engage in unethical behavior, they consider their previous moral and immoral actions; they keep track of their moral balance between moral credits (past good deeds) and moral debits (past bad deeds) (Nisan, 1991). More specifically, Nisan's moral balance model (Nisan, 1991) suggests that people compute a personal moral balance based on their actions that are morally relevant within a given timeframe, and do not go below their minimum. At any point in time, good deeds raise the balance, and bad ones lower it. Consistent with Nisan's moral balance model (Nisan, 1991), Monin and Miller (2001) conducted experiments in which they found that a prior moral act (even a token one) can license later morally-questionable behavior. In one study, participants were presented with job-selections task. In a first, job-selection task, half of the participants were given the opportunity to select a

stellar African American applicant thus establishing non-racist credentials. The other half of the participants were in a control condition and were asked to pick from an all-White applicant pool. Compared to participants in the control condition, participants in the Black-candidate condition were more likely to express that a second, unrelated job in a racist police force would be “better suited” for a White person. This second task was designed such that it was attractive for participants to favor a White person. However, behaving in a way that feels unethical in a prejudice-conscious society; as a result, participants do not express this preference unless they had been established their non-racist self-image by the first choice – what Monin and Miller labeled a *moral credential*. Thus, across various studies, Monin and Miller (2001) demonstrated that bolstering people’s moral self-regard can liberate them to act in less ethically in the future. Similarly, Mazar & Zhong (2010) found that people were more likely to cheat and steal after purchasing *green* or environmentally friendly products as opposed to conventional products. These studies demonstrate that socially conscious, ethical acts can secure a moral self that licenses socially undesirable behaviors even in unrelated domains.

*Moral resentment.* In a second stream of research, Monin and colleagues have found learning about the behavior of heroes or saints can threaten people’s moral self-regard. As a result, people express resentment for these superior others, even though their behavior is clearly stellar and exemplary (Monin, 2007). In one experiment, Monin and colleagues examined reactions to a target individual who refused to express opinions that contradicted their private beliefs. Although neutral judges appreciated this person and rated them positively on various dimensions, participants who had earlier expressed these ideas that contradicted their beliefs and who did so without complaining expressed high levels of disliking for the target (Monin, Sawyer, & Marquez, 2008). To the eyes of participants who had willingly gone along with the

problematic behavior, the exemplary behavior of the target was perceived as a threat to their own moral self-image. And because of this threat, participants derogated the saint (Monin & Jordan, 2009).

This research has direct implications for whistleblowers. They are often applauded and lauded by the general public but within the firm they are scapegoated as the embodiment of treachery. Monin et al., (2008) point out that many heroes suffered attacks from those closest to them. The person who helped stop the My Lai massacre was shunned by fellow soldiers and received numerous death threats (*BBC News*, 2006). Frank Serpico, the NYPD police officer who made public rampant corruption, was shot in the face by fellow officers (Maas, 1973). The person who turned in the Abu Ghraib picture CD was taken into protective custody after receiving various threats from former colleagues (Rosin, 2004). There is incredible pressure within an organization to not report any wrongdoing because it both threatens the material well-being but also the psychologically well-being of the moral self.

*Moral compensation.* Finally, in the third stream of research, Monin and colleagues have demonstrated that a threat to individuals' self-concept in a non-moral domain may lead to moral derogation: individuals may boost their own moral self-regard and put down others' morality as a result of such threat. In one study demonstrating this phenomenon (Jordan & Monin, 2008), participants were asked to complete a boring task for the experimenter, i.e. a repetitive number-writing task. After completing their task, participants saw a confederate quit the same task, without any negative consequence resulting from their refusal to finish working on the task. As a result, participants elevated their ratings of their own morality and castigated the morality of the confederate, compared to both participants who simply completed the boring task without seeing the confederate quit it, and participants who simply observed the confederate quit the task



without first having completed it themselves. Thus, having completed an exceedingly boring and tedious task, together with witnessing another person avoid it represented a threat to participants' general self-worth as rational, efficacious agents (Monin & Jordan, 2009). As a direct consequence of feeling threatened, participants engaged in compensation by boosting their moral self-regard and dimming their view of the other's morality.

Together, studies on moral credentials, moral resentment and moral compensation provide consistent evidence suggesting that our morality is not set in stone: it is rather malleable and dynamic. Monin's research examines what influences one's own moral self-regard by focusing on one's own past actions and others' current behavior. In addition to Monin's work, several other lines of research are consistent with the notion of malleable and dynamic morality, including studies that have focused on the impact of situational influences on unethical behavior discussed earlier.

### **Self-regulation in the Moral Domain**

We now turn our attention to a third stream of social psychology research that is critical to the understanding of dishonesty: research on individuals' self-regulation. Unethical behaviors are often tempting because they offer short-term benefits, such as monetary rewards. For instance, a manager may gain a financial reward by inflating her expense report or her billable hours. The short-term benefits of unethical behavior, however, often risk long-term harm to one's reputation, to established relationships, and to long-term profitability. Thus, many unethical behaviors are tempting in the moment, but harmful over time. To resist the short-term temptation of acting unethically, individuals need to exert self-control (Mead, Baumeister, Gino, Schweitzer, & Ariely, 2009).

Self-control is “the ability to override or change one’s inner responses, as well as to interrupt undesired behavioral tendencies (such as impulses) and refrain from acting on them” (Tangney, Baumeister, & Boone, 2004, p. 274). Self-control enables individuals to resist short-term temptations (e.g., the pleasure of eating cheesecake) to achieve long-term aims (e.g., losing weight; Loewenstein, 1996; Mischel, 1974; Myrseth & Fishbach, 2009).

In the near term, self-control, or *self-regulation*, is a finite resource (Baumeister & Heatherton, 1996; Heatherton & Baumeister, 1996; Muraven, Tice, & Baumeister, 1998). When exercised, it becomes depleted and subsequent self-control becomes much more difficult. Indeed, when people self-regulate their behavior (e.g., when someone avoids buying a tempting product they do not need), they consume their self-regulatory resource and have less of the self-regulatory resource available for a subsequent task. Compared to people who have not recently had to self-regulate their behavior, people who have had to self-regulate their behavior are more likely to overeat, procrastinate, or shop impulsively (e.g., Baumeister, Bratslavsky, Muraven, & Tice, 1998; Vohs, 2006; Vohs, Baumeister, & Ciarocco, 2005; Vohs & Faber, 2007; Vohs & Heatherton, 2000; Vohs & Schmeichel, 2003; Kivetz & Simonson, 2002; Mischel, Shoda, & Rodriguez, 1989).

Just as people use self-control to diet (e.g., to resist a tempting piece of chocolate cake), people use self-control to refrain from engaging in tempting, unethical behavior (e.g., submitting an inflated expense report or taking office supplies home). In a laboratory study, Muraven et al. (2006) found that self-control depletion predicted cheating behavior on a problem-solving task. Mead et al. (2009) also found that individuals were more likely to misrepresent their performance when their self-control was depleted than when it was not depleted. This work suggests that self-control depletion promotes cheating. Building on this research, Gino et al.

(2010) demonstrate that resisting unethical behavior requires and depletes self-control resources. Gino et al. find that individuals with depleted self-control resources do not become less likely to recognize unethical behavior. Instead, individuals with depleted self-control resources lack the willpower to resist tempting unethical acts.

Importantly, Baumeister and Exline (1999) argue that one's own willpower becomes stronger as it is exercised. Although their model is outside the moral domain, their findings add an important element to our understanding of how people regulate their morality over time. If individuals can struggle with but overcome their temptations and adhere to their moral beliefs, they might be able to have higher resolve in the future.

### **Climbing the Hierarchy Ladder**

We conclude this section by highlighting what we believe to be an important point: the various research streams discussed above are helpful in understanding not only employee behavior and organizational members, but also the behavior of those in positions of authority. In fact, those in positions of authority (such as managers, politicians and CEOs) are even more at risk of ethical failures due to various factors. We focus on the following ones, which we consider to be particularly relevant: their power, which often inspires moral hypocrisy; the presence of multiple demands for their attention, which may lead to cognitive overload, exhaustion, and decreased self-control; the presence of wealthy environments where status and money are salient, which may lead to greed and dishonest behavior; their desire to compare to other people within the organizations, which may lead to emotional reactions such as envy and competitive behavior; the desire to reach difficult goals; and the decision of dividing work among various subordinates which lead to diffusion of responsibility. We briefly review research demonstrating the

potentially important consequences of such factors and their associated risks in the moral domain.

**Power and moral hypocrisy.** Moral hypocrisy refers to people's desire to appear moral without bearing the actual cost of being moral (Batson, Kobrynowicz, Dinnerstein, Kampf, & Wilson, 1997; Batson, Thompson, & Chen, 2002; Batson, Thompson, Seufferling, Whitney, & Strongman, 1999; see also Monin & Miller, 2001). Several recent studies have found evidence for moral hypocrisy. In one study (Batson et al., 1999's Study 1), participants could assign themselves and another participant to one of two experimental conditions. By assigning themselves to a positive study condition (with the opportunity to win \$30), the other participant was assigned to a neutral condition (no money) and vice versa (assigning themselves to the neutral condition let the other participant be assigned to the positive condition). To make moral standards salient, participants were told that most people consider coin flipping the fairest way to assign conditions. Twenty-eight of the 40 participants chose to flip the coin. Of these, four assigned the other individual to the positive study condition, whereas the remaining 24 assigned themselves to the positive study condition. Clearly they used the coin flip to justify their self-serving decision. Indeed, those who flipped the coin rated their behavior as highly moral, thus providing evidence for moral hypocrisy behavior.

More recently, Lammers, Stapel and Galinsky (2010) examined the effect of power on moral hypocrisy. Their findings indicate that participants cheated more when they held a powerful organization role than when they held a powerless role. For example, powerful participants were more willing to violate traffic rules, omit profits in a tax declaration, and keep an abandoned bicycle rather than bring it to the police station. This finding simply demonstrates that powerful people are more likely to cheat and steal. But they went one step further by

*simultaneously* condemning these same behaviors when conducted by other people. Thus the powerful demonstrated hypocrisy by condemning others for the same behaviors they themselves engaged in. They were strict in their moral judgments but lenient in their own moral behavior.

Outside of the moral hypocrisy realm, related research on power has demonstrated that people in a position of power tend to follow their self-interest (e.g., Galinsky, Gruenfeld, & Magee, 2003; Gruenfeld, Inesi, Magee, & Galinsky, 2008). Power, defined as the asymmetric control over valued resources in social relations (Fiske, 1993; Keltner, Gruenfeld, & Anderson, 2003; Magee & Galinsky, 2008), is a structural difference that translates directly into a psychological experience with important behavioral consequences. For instance, power reduces perspective-taking. In a series of studies, Galinsky et al. (2006) experimentally manipulated power and found that a position of power is associated with a diminished capacity to take other people's perspective and comprehend how they think and feel. The powerful are also less compassionate to the suffering of others (Van Kleef et al., 2008)

These studies demonstrate that power can lead to moral disengagement and a belief that the rules that apply to others don't apply to them while at the same time diminishing their capacity to see how their behavior affects others.

**Multiple demands and time pressure.** A second factor that may increase the likelihood of ethical failures by people in a position of authority is the presence of multiple demands and time pressure that commonly characterize the work environment of the powerful. Recent research has suggested that people are subject to "bounded ethicality"; that is, individuals' morality is constrained in systematic ways that favor self-serving perceptions, which in turn can result in behaviors that are not consistent with their intended ethical standards (Banaji, Bazerman & Chugh, 2003). One of main tenants of bounded ethicality is that people often engage in

unethical behavior beyond their own awareness (i.e., unethical actions may occur implicitly or automatically), since their desire to be moral and deserving bias their perceptions of the decisions they make. Situational factors related to multiple demands and time pressure may make bounded ethicality more likely to occur. Chugh (2004) described the “messy, pressured, and distracting” conditions of managerial work as conducive to implicit or automatic mental processes. Time pressure and stress are two situational influences likely to accelerate mental processes, and reduce the amount of information people feel it is needed to make ethically sound decisions. Multiple task demands may produce similar effects. Time pressure and multiple task demands may also be exhausting and lead to less self-regulatory resources to control unethical behavior. Thus, under the conditions most likely to be present for people in positions of authority, people are also at the highest levels of risk for ethical failures.

**Wealthy environments.** People in position of authority are also likely to be surrounded by environments where money and wealth are salient. Research suggests that the environment in which people operate activates explicit or implicit norms which, in turn, might influence the tendency to cross the ethical line. Cialdini, Reno and Kallgren (1990), for example, found that the amount of litter in an environment subtly activates norms prescribing appropriate or inappropriate littering behavior in a given setting and, as a result, regulates littering behavior. These results are similar to the broken windows theory of crime which argues damage and disrepair in the environment promote lawless behavior. Research has found that graffiti leads not only to more littering but actually more theft (Keizer, Lindenberg, & Steg, 2008). Similarly, Aarts and Dijksterhuis (2003) show that simple visual stimulus can activate situational norms, finding that individuals automatically lower their voices when asked to look at a photograph of a

library. In these studies, there is a direct correspondence between a specific feature of the environment and a regulated behavior (e.g., litter and littering, libraries and quietness).

Similar to these findings, recent psychological research has shown that simple visual reminders of money (e.g., pictures of cash) produce significant increases in self-interested and self-serving behavior (Vohs, Mead, & Goode, 2006; 2008). Reminders of monetary wealth compared to non-monetary reminders, lead people to focus on themselves (e.g., by expressing the desire to play and work alone), distance themselves from others (Vohs et al., 2006), and engage in unethical behavior (Gino & Pierce, 2009). Taken together, these studies suggest that visual stimulation from the environment can produce profound changes in behavior surrounding ethical and social norms. In particular, when money or wealth is made salient in the environment, those operating in it may be more likely to cross ethical boundaries.

**Vexing social comparisons.** These latter studies also suggest that social comparisons, keeping up the Jones, can drive unethical behavior. If I see similar others have a nicer car, a nicer office, a higher bonus, it can motivate me to engage in whatever actions are necessary to secure that car, that office, that bonus. Employees often compare themselves to coworkers or peers on various dimensions, including ability, salary, and level of allocated resources (Brown, Ferris, Heller, & Keeping, 2007). Social comparisons are a basic aspect of human experience (e.g., Adams, 1965; Crosby, 1976). In fact, social comparisons are widely considered an “almost inevitable element of social interaction” (Brickman & Bulman, 1977: 150), helping individuals reduce uncertainty and create meaning (Suls & Wheeler, 2000; Wood, 1996). Notably, organizational contexts are both uncertain and competitive (Kay, Wheeler, Bargh, & Ross, 2004). Uncertainty motivates social comparisons, and competition has distinct implications for how social comparisons unfold in the workplace (Collins, 2000; Stapel & Koomen, 2005).

In his seminal work, Festinger (1954) proposed that individuals possess a fundamental drive to evaluate their own opinions and abilities and that in the absence of objective physical standards they will evaluate themselves against similar others. These social comparisons are commonly associated with behavioral consequences and emotional reactions. So, for instance, upward social comparisons can lead to competitive behavior and arousal (Festinger, 1942; Festinger, 1954; Hoffman, Festinger, & Lawrence, 1954), or even envy (Gino & Pierce, 2009), which in turn can result in the desire to sabotage the comparison target. Similarly, downward social comparisons can lead to cooperative behavior, empathy, and compassion, which in turn can result in the desire to help the comparison target. As suggested by recent work, social comparison processes and associated emotions of compassion and envy often lead to helping and hurting behaviors, even when such behaviors are unethical (Gino & Pierce, 2010).

**The potential dangers of setting stretch goals.** Researchers have described performance goals as an important tool that organizations and their managers can effectively use to motivate employees' performance. Several studies in the organizational behavior literature have demonstrated that specific, challenging goals are more likely to motivate performance than "do your best" exhortations or vague goals lacking specific targets (see Locke & Latham, 1990, 2002, 2006). These benefits in motivation and performance are driven by the fact that specific stretch goals provide a clear and unambiguous means of evaluating employee performance, while at the same time focusing employees' attention.

Yet recent research has documented a link between specific, challenging goals and unethical behavior. Specifically, Schweitzer, Ordonez, and Douma (2004) found that people given difficult goals were more likely to engage in unethical behavior than people attempting to do their best. Furthermore, they found that the relationship between goal setting and unethical



behavior was particularly strong when people were close but short of reaching their goals. Thus, goal setting may have important risks for ethical decision making within organizations.

**Groups and diffusion of responsibility.** The majority of U.S. companies use groups to accomplish their goals (Devine, Clayton, Philips, Dunford, & Melner, 1999; Gordon, 1992; Mohrman, Cohen, & Mohrman, 1995), and more than half of all U.S. employees currently spend at least part of their day working in a group setting (Steward, Manz, & Sims, 1999), including in a large and growing number of virtual teams (Solomon, 2001). Working within groups could increase individuals' unethical behavior because of the diffusion of responsibility that characterizes collaborative work. When individuals operate as part of a group, they often become deindividuated (Diener, 1977, 1980; Dipboye, 1977; Festinger, Pepitone, & Newcomb, 1952; Prentice-Dunn & Rogers, 1982, 1989; Zimbardo, 1969; Zimbardo, Maslach, & Honey, 1999). When deindividuated, the psychological constraints that help prevent her from violating societal norms melt away. Thus, being part of a group can free people from their moral shackles (Singer, Brush, & Lublin, 1965). For instance, Diener, Fraser, Beaman, and Kelem (1976) found that Halloween trick-or-treaters who were given the opportunity to steal candy and money did so more often when they were part of a group than when they were alone. In another influential study illustrating the force of deindividuation, Zimbardo (1969) made some participants anonymous by clothing them in oversized lab coats and hoods; those in the control condition wore normal clothes and name tags. The participants' task was to shock a confederate in a situation similar to the classic Milgram studies on obedience. The results showed that anonymous participants gave longer and therefore more painful shocks than did identifiable participants, as predicted by deindividuation theory. In subsequent research, deindividuation theory has been used to explain anti-normative social behavior across various domains, including

social atrocities (Staub, 1996; Staub & Rosenthal, 1994), computer-mediated communication (Kiesler, Siegel, & McGuire, 1984; Kiesler & Sproull, 1992) and group decision support systems (Jessup, Connolly, & Tansik, 1990). Thus, according to this research, members of a group may behave dishonestly because they feel deindividuated and diffuse responsibility onto others.

### 3. An Organizing Framework: The PIDER Principle

The various streams of research discussed in the previous sections can be organized into an overarching framework we refer to as the PIDER principle. The framework is organized around five different components: Power, Incrementalism, Diffusion of Responsibility, Ego maintenance, and Rationalization. These five components capture the essence of the recent findings from social psychology discussed earlier. The first component, **Power**, refers to the idea that several psychological processes that may lead to unethical behavior are often exacerbated once the decision maker experiences a sense of power or occupies a position of power within the organization. Examples of such type of influence were mentioned earlier when discussing the experiments Milgram and Zimbardo conducted. These classic studies show the effects of being in a position of authority figures and how the requests of the powerful can lead people to behave immorally and hurt others.

The second component, **Incrementalism**, refers to the idea that people tend to engage in unethical behavior through small steps, falling down a slippery slope. By going through small steps, individuals are less likely to recognize that their actions are unethical and may fail to keep track of how their small unethical acts sum up to a large amount of dishonesty. The experiments Milgram conducted which we described earlier are a clear example of how incrementalism may lead to immoral behavior.

The third factor, **Diffusion of Responsibility**, refers to the fact that when there is the opportunity to feel anonymous and de-individuated, people are more likely to cross ethical boundaries. We suggested that people within organizations often have the freedom to make decisions regarding how to divide work among coworkers or subordinates. In turn, these types of decisions may lead to diffusion of responsibility and dishonest behavior.

The fourth component, **Ego Maintenance**, suggests that people care about seeing themselves as ethical and moral. Thus, they tend to engage in unethical behavior only to a certain extent, up to a given threshold. By not overstepping such threshold, people do not need to change the image they hold of themselves as ethical and moral individuals. Thus, they will derogate the morally superior behavior of others to maintain their own moral self-image.

Finally, the last factor on which the PIDER principle stands is **Rationalization**. This component refers to the idea that as long as there is room for rationalizing their immoral actions, individuals will go through mental and rhetorical gymnastics to justify their behavior in moral terms. This component is well depicted in Haidt's research described earlier, which suggests that people first act when they face ethical dilemmas and then find ways to rationalize their behavior.

#### **4. Potential Remedies and Solutions**

In the previous sections, we discussed several streams of research in social psychology and in organizational behavior that provide important insights into our understanding of when and why even good people are likely to cross ethical boundaries. As discussed, the prevalent view is that subtle environmental factors can greatly influence ethical judgment and behavior, since they influence moral self-regard at any given moment. This main finding provides reasons for hope, since there seems to be room for people to be “nudged” in the right direction so that their behavior is aligned with their moral compass. In addition, the research we discussed

highlights another important conclusion: the same psychological forces can often lead to positive outcomes (e.g., setting difficult and detailed goals can lead to high levels of employee motivation and performance) but, when left unchecked, they can lead to negative outcomes (e.g., the same type of goals can lead to unethical behavior).

In this final section, we conclude by discussing some remedies and solutions for organizations to implement with the goal of reducing dishonesty. These solutions are based on findings from social psychology discussed in the previous sections, as well as related research in the same field.

### **Recognizing the Influence that Situations Have on Our Own Behavior**

The first solution resides in learning about the many ways even subtle situational forces may influence us. Being aware of the existence of specific influences on our behavior and decisions is a first important step in ensuring our ethical actions are consistent with our moral compass. Research has found that individuals differ in the extent to which they are aware of their own attitudes, feelings, needs, desires and concerns, a trait called private self-consciousness (Fenigstein, Scheier, & Buss, 1975). In general, people who are dispositionally high in private self-consciousness tend to be more aware of their cognitive processes and more cognizant of the factors that affect their decisions and actions. Private self-consciousness promotes introspection and, as a result, it is associated with attitude-behavior correspondence (Pryor, Gibbons, Wicklund, Fazio, & Hood, 1977). It is also associated with a tendency to resist persuasion (Froming, Walker, & Lopyan, 1982; Hutton & Baumeister, 1992) and attitude change (Scheier & Carver, 1980). Self-consciousness or self-awareness can be heightened in simple ways. For instance, Hutton and Baumeister (1992) temporarily and successfully increased study participants' self-consciousness by having them look at themselves in a mirror.

This body of work suggests that individuals can make their shield against the influence of situational factors stronger if they work on their level of self-awareness, and increase their knowledge of and attention to their bonds with the context they are operating in.

### **Recognizing the Role of Emotions**

A second method to protect against influences that swing our moral compass resides in understanding the emotions we experience when we face ethical dilemmas. Our bonds with the environment as well as our bond with others operating in it are often associated with various emotions, and these emotions can greatly influence our actions. As an example, consider the emotion of shame. People may experience shame because of someone else's morally questionable behavior. Lickel and Schmader (Lickel, Schmader, Curtis, Ames, & Barquissau, 2005; Lickel, Schmader, & Barquissau, 2004) proposed that the negative actions of in-group members can elicit a sense of vicarious shame when those actions are seen as reflecting poorly on a core aspect of one's social identity. In support of this prediction, Lickel et al. (2005) found that people's feelings of shame for another's wrongdoing are uniquely predicted by the degree to which the event is seen as relevant to the reputation of their group and that others would judge their group negatively because of it. This prediction is based on the assumption that people recognize that the in-group member's behavior to be unethical in the first place.

As Gino and Galinsky (2010) found, however, when people feel psychologically connected to another person who engaged in morally questionable behavior (e.g., they share certain attributes with her), they are likely to judge the actions of the other person as less morally inappropriate. In turn, such leniency in judging the ethicality of another's wrongdoing results in lower judgments of shame-worthiness. Similarly, as Gino and Pierce demonstrated (Gino & Pierce, 2009, 2010), emotions like envy may drive unethical behavior that hurt others. Thus,

emotions play an important role in driving unethical decisions (Schweitzer & Gibson, 2008), and can override rational thinking and decision making across various contexts (Vohs, Baumeister, & Loewenstein, 2007). Gauging one's emotions when we observe others' unethical behavior or when we face ethical dilemmas can be a helpful and effective way to reduce their influence on our decisions in the ethics realm.

### **Leveraging the Force of Role Models and Monitoring**

Through their behaviors, others may serve as role models for us to follow. Earlier, we discussed prior research suggesting that leaders or authorities may lead us to behave unethically through their requests or behaviors. However, we often follow authority or people in leadership positions also when they do well or when they behave prosocially. In fact, recent research on ethical leadership suggests that this may be an effective solution to employees' dishonesty (e.g., Mayer, Aquino, Greenbaum, & Kuenzi, 2011). Brown, Treviño, and Harrison (2005) defined ethical leadership as, "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making" (p. 120). Thus, leaders can use transactional efforts (e.g., communicating, rewarding, punishing, emphasizing ethical standards) and modeling to influence their followers to behave in an ethical and positive manner (Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009). Just as leaders can direct people down the path of shocking people to dangerous levels as Milgram showed, authority can also lead people in the right direction.

In addition, others may also serve a different function in making positive norms of behavior salient. Research has shown that the mere physical presence of others can highlight group norms (Cialdini et al., 1990; Reno et al., 1993) and restrict the freedom of individuals to

categorize their unethical behavior in positive terms. In one extreme test of this idea, Bateson, Nettle, and Roberts (2006) used the image of a pair of eyes to watch over an “honesty box” for contributions in a shared coffee room to give individuals the sense of being monitored; this image in itself was sufficient to produce a higher level of ethical behavior (i.e., it increased the level of contributions to the honesty box). Other studies have shown that even when people are told their actions are anonymous, they respond to subtle cues of being watched, such as the presence of eye-like spots on the background of the computer on which they complete a task (e.g., Haley & Fessler 2005). These results suggest that being monitored by others may increase our moral awareness and, as a result, reduce the likelihood of unethical behavior as compared to a setting with no such monitoring.

### **Capturing the Strength of Social Norms**

Another possible solution, related to the one discussed above, resides in highlighting desired social norms. Many social psychology studies have demonstrated the power of social proof to influence other people’s behaviors across various contexts (e.g., Cialdini, 1993; Goldstein, Martin, & Cialdini, 2008). For instance, in one study, Goldstein, Cialdini, and Griskevicius (2008) found that hotel guests who learned that most other guests had reused their towels (the social-proof appeal) were 26 percent more likely to recycle their towels than were those who were only exposed to a general prosocial environmental-protection message.

These studies show the powerful effects that the behavior of multiple others has on our own. Similarly, the actions of just one other person can influence our behavior. Research has demonstrated that just the priming of a role model (e.g., parents) helps people regulate their moral behavior and influences their judgment. For instance, Eibach, Libby and Ehrlinger (2009) found that when the parental role is primed, parents express more moral disapproval of harmless

but offensive acts than nonparents. In a similar vein, Fitzsimons and Bargh (2003) found that priming different types of relationship partners (e.g., best friend or mother versus coworker) produced goal-directed behavior (e.g., helping). Priming role models can also have an impact on one's own evaluation of the self. In fact, Baldwin, Carrell and Lopez (1990) found that individuals' self-evaluations were more negative and self-critical after primes of disapproval rather than approval from authority figures.

Related research has found similar effects on individual judgment and behavior not as a result of priming of different relationship partners or role models, but as a result of observing somebody else's misconduct. Gino and her colleagues (Gino et al., 2009; Gino & Galinsky, 2010) have shown that our moral behavior is affected by the moral actions of just one other person. Gino, Ayal, and Ariely (2009) found that when people are exposed to an in-group member's unethical behavior, they align with the behavior and behave dishonestly themselves. Building on prior work on social norms (Cialdini, Reno, & Kallgren, 1990; Cialdini & Trost, 1998) and social identity (Tajfel & Turner, 1986; Tajfel, 1982; Turner, 1982), Gino et al. (2009) explained that the degree to which people are influenced by social norms of dishonesty depends, to some extent, on the relationship between the initiator and the follower. People tend to perceive questionable behaviors exhibited by in-group members (or people who are similar to them) to be more acceptable than those exhibited by out-group members (or people who they perceive as dissimilar). The behavior of others can influence our own even when the bond we share is very labile or subtle. For instance, sharing the same birthday or first name of a person who cheated may lead us to cheat as well (Gino & Galinsky, 2010). As in the case of the influence of leaders' behavior, social norms may lead to two different outcomes depending on the type of behavior of people around us: when similar others behave ethically or prosocially, then we are likely to



behave ethically ourselves; but when similar others act unethically, we are likely to behave dishonestly too. Thus, recognizing the importance peers and colleagues play in determining social norms regarding ethicality at work may be an important step in identifying potentially effective solutions to individuals' dishonesty.

### **Making Ethical Standards Salient**

Another potential solution we discuss is finding ways to make ethical standards salient. Previous research has shown that when the categorization of a particular behavior is not clear-cut, people can, and in fact often do, categorize their own actions in positive terms, avoiding negative updating to their moral self-image (Baumeister 1998; Schweitzer & Hsee, 2002). However, Mazar, Amir, and Ariely (2008) found that drawing people's attention to moral standards could reduce dishonest behaviors. For example, after being asked to recall the Ten Commandments participants who were given the opportunity to cheat, and gain financially from this action, did not cheat at all, while those who had the same opportunity to cheat but were not given the moral reminder cheated substantially. These results suggest that when unethical behavior is made salient, people pay greater attention to their own moral standards and categorize the ethicality of their own behavior more rigidly.

Building on this research, Shu, Gino & Bazerman (2011) argued that the saliency of ethical standards might produce different effects on an individual's likelihood to engage in dishonest behavior depending on whether the person is actively or passively accepting such standards. Shu et al. based their predictions on previous work by Cioffi and Garner (1996) who showed that making a volunteer decision (e.g., volunteer for a university committee or for an education project) by doing something (e.g., affirming one's own choice by selecting two items) results in more commitment to it than making the same decision by doing nothing (e.g., skipping

items affirming a different choice). Similarly, in the ethics realm, individuals may commit more strongly to moral behavior when they have to actively agree to ethical standards (e.g., by signing an honor code) than when they passively observe the same standards (e.g., by only reading the honor code). Shu et al. (2010) tested this main prediction in a series of experimental studies. In the studies, participants were asked to read an honor code and they either signed it or just read it. The results show that, compared to a control condition, participants were less likely to cheat when they read the honor code, and even more so when they signed it.

More research is needed to fully understand the consequences of raising the saliency of ethical standards over time. For instance, research in organizational behavior has found that ethics courses and training seem to have positive effects on people's behavior, but such beneficial effects tend to be short lived and last for a limited amount of time (e.g., Weber, 1990).

### **Locks for Honest People**

Finally, we present the solution of reducing temptation and limiting people's exposure to situations where the lure of cheating is simply too great. For example, one of the authors no longer allows take-home exams that are timed or closed-book. The lure of cheating is just too great. This temptation is exacerbated by the fear that others will cheat given the low fence and therefore put one at a competitive disadvantage. Knowing that others haven't or can't cheat helps reassure others and prevents them from preemptively cheating.

Although this solution has not yet been tested empirically in the context of ethical decision making, it is consistent with the empirically-validated idea of counteractive self-control (Trope & Fishbach, 2000). As noted by Trope and Fishbach (2000: p. 493), "in situations in which the short-term outcomes of an activity (e.g., temporary costs) are in conflict with its long-term outcomes (e.g., enduring benefits), people may perceive the short-term outcomes as a threat

to their long-term interests. In response to such threat, people may exercise counteractive control involving a variety of cognitive, affective, and motivational processes in order to counteract the influence of short-term costs and, thus, secure long-term outcomes.” So, for instance, the possibility of feeling in pain in the short-term due to a checkup that also has important long-term health benefits may lead people to impose on themselves material penalties for failing to get the checkup. In the face of tempting unethical actions, creating the conditions for exercising counteractive control may be especially difficult. In such cases, the conditions can be successfully created by other organizational members, peers or managers who recognize that dishonesty can often be tempting.

## **5. Conclusions**

Topical stories in the media exposing unethical practices in business and broader society have highlighted the gap between the decisions people actually make versus the decisions people believe they should make. In recent decades, a large body of work across many disciplines – from social psychology and philosophy to organizational behavior and neuroscience – has tried to tease out why people behave in ways inconsistent with their own ethical standards or moral principles. Antecedents of ethical decision making and dishonest behavior range from individual differences to situational forces that are so strong that they make individual choice all but irrelevant (Zimbardo, 2007). In this paper, we reviewed recent findings from the social psychology and organizational behavior literatures and discussed how they can help us better understand why ethics is so hard to maintain in today’s organizations. As these studies suggest, the study of individuals’ psychology and the influences their environment has on them may prove particularly valuable as we try to understand organizational corruption.

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