

# **Behavioral Ethics: Emerging Insights into the Nature of Ethical Decision-Making**

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# Behavioral Ethics

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- Ethical decision-making and actions viewed from and informed by internal and external factors that shape and influence behavior

# Agenda

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- The dominant ethics paradigm
- Disciplines that inform our inquiry
- Emerging insights in Behavioral Ethics
- A new ethics paradigm

# Dominant Ethics Paradigm

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- Ethical behavior and decision-making is a rational process
- Ethical lapses are mostly due to character flaws and/or systemic failures

# Disciplines That Inform our Inquiry

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- Behavioral Economics
  - Social, cognitive and emotional foundations of decision-making
- Social Psychology
  - Relations between individuals and groups
- Culture Studies
  - Effect of culture on behavior as represented by values and implicit and explicit assumptions that drive beliefs and actions
- Biology/Neurology
  - Effect of biological and neurological structures and mechanisms on human behavior

# Emerging Insights

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- The “Trust Molecule”
- The Trolley Problem
- Loss Framing
- Effects of Time Urgency and Stress
- Priming
- Cool States vs. Hot States
- Tokens for Cash
- Principles of Persuasion
- Culture and Community



# “Trust Molecule”

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- Paul Zak, economics professor at Claremont Graduate University, Director of the Center for Neuroeconomic Studies
- Oxytocin: “Physiological signature” for empathy – care about outcomes of others
- More you are trusted, more brain releases Oxytocin and the more you reciprocate
- Less you are trusted, more aggressive the response
- Absence of Oxytocin is linked to moral ambiguity
- Excessive stress causes the system to shut down

# The Trolley Problem

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- You are the driver of a runaway trolley. The brakes have failed. The trolley is approaching a fork in the track at top speed. If you do nothing, the train will stay left, where it will run over five maintenance workers who are fixing the track. All five workers will die. However, if you steer the train right, this involves flicking a switch and turning the wheel. You will swerve onto a track where there is one maintenance worker. What do you do? Are you willing to intervene and change the path of the trolley?



# The Trolley Problem

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- You are standing on a footbridge over the trolley track. You see a trolley racing out of control, speeding towards five workmen who are fixing the track. All five men will die unless the trolley can be stopped. Standing next to you on the footbridge is a very large man. He is leaning over the railing, watching the trolley hurtle towards the men. If you sneak up on the man and give him a little push, he will fall over the railing and into the path of the trolley. Because he is so big, he will stop the trolley from killing the maintenance workers. Do you push the man off the footbridge? Or do you allow five men to die?

# The Trolley Problem

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- First scenario – 95 percent elect to pull the switch. Engages rational mind.
- Second scenario – most unable to push one to save five. Engages part of brain associated with understanding other peoples thoughts, actions, and feelings.
- Bottom-line: some ethical and moral functions may be hard-wired into the brain.

# Loss Framing

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- People are loss averse and will go farther to avoid a loss than to obtain a gain of similar size
- Research: transparently identical problems expressed in different language
- Potential loss is twice as powerful as potential gain in ethical decision-making



# Effects of Time Urgency and Stress

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- Princeton Theological Seminary study
  - Darley and Batson, 1973
  - Assigned lecture topics to experimental and control groups
  - Study confederate on path in distress
  - Variables:
    - better hurry -- you're late
    - will be a few minutes -- might as well head over
  - Results – rushed vs. not rushed
- What was that phone number?
  - Baba Shiv, Stanford University
  - Memorization task – 2 digits/7 digits
  - Two snack options, Chocolate cake, fruit salad
  - 7 digits are “cognitive load”



# Priming

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- Use of value-laden words to influence beliefs and behavior
  - Ten Commandments
  - Elderly
  - Professorial

# Cool States vs. Hot States

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- When we are in a cool state of mind we predict our behavior in ways that are different from what we exhibit in hot mental states.

# Token Substitutes For Cash

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- Use of cash substitutes increase incidence of cheating behaviors.



# Principles of Persuasion

Robert Cialdini

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- Power of Scarcity: *Information is seen as having more value when it is less available*
- Power of Authority: *People tend to obey legitimate authority*
- Power of Liking: *People prefer to say yes to individuals they know and like*
- Power of Reciprocation: *We are obligated to give, receive, and reciprocate*
- Rule of Social Proof: *People decide what to believe or how to act based on what other people believe or do*
- Power of Consistency: *Once we make a choice or take a stand, we will encounter personal and interpersonal pressures to behave consistently with that commitment*



# Culture and Community

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- Employee engagement
- Procedural Justice
- Market vs. social norms
- Opportunities for generative dialogue
- Sense of belongingness

# An Emerging Paradigm

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- Ethical behavior is largely irrational and emotionally based
- Ethics is less about character and more about context

# Questions and Discussion

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- Is it ethical to use these emerging insights in designing ethics and compliance programs?
- If I operated from the new paradigm, what would I do differently as an E&C practitioner?
- How can we predict when people are at greatest ethics risk? If so, how can we intervene?