

Ethical Blind Spots!



Understanding the causes of ethical blind spots

...&...

My Personal Roadmap to neutralizing them!

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Lessons so far...

(1. The happiness hypothesis..J Haidt)

Happiness is from within... (the Eastern spiritual concept)

-&....

Happiness is from without... (the Western Worldwise concept)



Lessons so far...

(2. The Truth about Dishonesty ..Dan Ariely)

Humans have a need for maximizing benefits basis the simple model of rational cheating

-&....

Humans have a need for maximizing self-esteem / preserving a self-image of a reasonably honest person

Lessons so far...

(3. The difficulty of being good..G Das)

Dharma is subtle – it is difficult at times to define good dharma- but ends alone do not justify the means

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Dharma that builds on compassion for others, fundamental selfless actions of moral strengths and values of loyalty, faithfulness, generosity is good dharma

Core message

(Blind Spots...M Bazerman & A Tenbrunsel)

Blind spots like ethical fading (removal of ethics from the decision making process) and minimization of 'should self' vs 'Want self' dilute decision making and creates ethical sink holes

-&....

By understanding & reversing these root causes thru transparent, visible, considered decision process with due understanding of future value of current decisions can secure a place for ethics in our workplaces, institutions and daily lives

The gap between intended & actual ethical behavior

- At the individual level, we fall prey to psychological processes that bias our decisions - &, more importantly, we do not know they are biased
- At organization/societal level, leaders typically fail to appreciate the role of bounded ethicality in their employees's decisions. To design wise interventions, leaders need to consider the ways in which their current environment could prompt unethical action without the decision maker's conscious awareness

Lessons from Life

Default options are changed while demanding a smoking gun

- Challenger – the Space Shuttle disaster
 - Under pressure from NASA for an on-time launch (no change to launch decision unless strong scientific evidence), the shuttle contractor Morton Thiokol reversed their original recommendations to abort launch – resulting in 7 astronauts losing their lives and an enormous blow to the space program
- HP – the discount \$ GAAP
 - Under management pressure to deliver revenue goals, the business teams diluted the accrued discounts in contravention of the GAAP and the misrepresentation damaged their future performance & market relationships

Building ethics by changing the default option!

- If you want to donate your organs, you need to proactively opt-in to the donation system (USA/44%-UK/ 17% consent rate)

VS

- If you want to keep your organs after your death, you need to pro-actively opt out of the system (Sweden-Austria 85-99% consent rate)

When we act against our own ethical values

- Our mind actually absorb the information that is advantageous to us and ignore information that isn't
- Ego-centrism not only motivates us to claim more than our fair share of credit but also to overclaim resources
- Over discounting the future/ overweighing the short term pay-off

Why we are not as ethical as we think we are...

- The 'should self' dominates before and after we make a decision – but the 'want self' often wins at the moment of decision
- Ethical principles don't appear to be relevant/or are made irrelevant, so they do not enter our decision process, and we behave unethically as a result
- Post decision recollection bias: Our memory is selective, we remember behaviors that support our self-image & conveniently forget those that do not; over time we become desensitized to our unethical behavior

More... on how we distort our ethics



- Change the definition/"Creative accounting" by Satyam vs 'public fraud'
- Deflect the blame/I am legally right in selling a lemon, he did not ask the right questions/do the due diligence on his purchase
- Ethical spinning/ everyone is doing it (Steroid use in sports)
- Redefine ethical standards

When we ignore unethical behavior...

- Focus on one set of tasks can blind us to other readily available information in our environment
- Motivated blindness – or the tendency to overlook unethical behavior of others when it is not in our best interest to notice the infraction (AA w/Enron; PwH w/Satyam)
- Indirect blindness – or the tendency not to notice unethical actions when people do their dirty work thru the behavior of others (HP / GAAP violation)
- Role of slippery slope in noticing the unethical behavior of others
- Tendency to value outcomes over processes can affect people's assessments of the ethicality of others' choices

Placing false hopes in the 'ethical organization'

- Underlying the formal systems in an 'ethical organization' are informal norms and pressures that exert far more influence on employee behavior than any formal efforts would
- Informal systems teach employees what behavior is *really* expected of them
- Rewarding performance can actually create distorted performance- putting goals of revenue/profits over others, leave ethical considerations in the dust

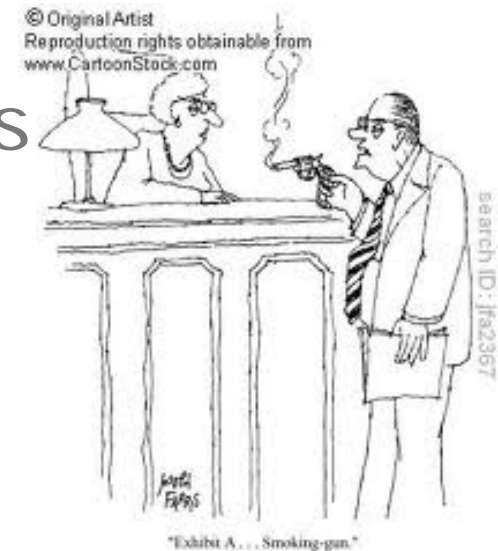
Why we fail to fix our corrupt institutions...

- Barriers to wise policy get created by the interplay between political systems, the interests of a small number of actors who benefit from contorting policy to their own narrow interests and the psychological processes of the citizens who bear the brunt of the policy outcomes
 - Ex. The Tobacco Industry

Tactics of special interest groups for distorting wise decisions

- Obfuscation & encouragement of reasonable doubt
- Claimed need to search for a smoking gun
- Shifting views of the facts

Obfuscation *n.* the art of making things appear more complicated than they really are



Narrowing the gap: interventions for improving ethical behavior

- Change Yourself
 - Plan appropriately and reflect realistically on the behavior
- Give voice to your 'should self'
 - Newspaper (Mom) test
 - Transparency brings out the reality of the ethical issues
- Anticipating/Neutralizing the want self
 - Raising the commitment bar
 - Change defaults
 - And challenge artificial definitions of unethical actions

More...

mechanisms to increase ethical decisions

- Evaluating your choice –accurately
 - Decision feedback
 - Accurate recollection of facts/actions/implications
- Evolving Organization behavior
 - Identify hidden – but real- informal values
 - Correct isolation, time pressures and related ethical sinkholes thru inspired leadership

& More...

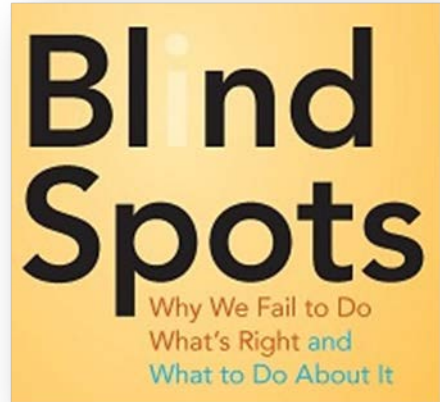
mechanisms to increase ethical decisions

- Structure information to expose value trade-off
 - Salience/Clarity/visibility of information affects the tendency to use the information
 - Changing defaults
- Increase importance of future concerns
 - Concept of 'future lock-in' lowers resistance to change

On Balance: self-awareness and structure need to be combined to raise ethical standards

It is natural to have blind spots
....but....

By understanding & reversing these root causes thru transparent, visible, considered decision process with due understanding of future value of current decisions can secure a place for ethics in our workplaces, institutions and daily lives



I pledge..to count my blessings and to commit to truth!

- *There is always, always, always something to be thankful about.*
- *That I shall commit to true and ethical conduct and live a life of integrity.*

