The Social Psychology of Ordinary Ethical Failures

Max H. Bazerman[1,3] **and Mahzarin R. Banaji**[2]

After the collapse of Enron, the fraud at Worldcom, and a host of other corporate scandals at the start of the new millennium, the media immediately began a search for the underlying cause of the failure of ethics that caused these scandals. These searches led to answers such as regulatory failure, a few bad apples, and the poorly created incentives of the gatekeepers. The scandals led to decline in the perception of business leaders in society, and business schools were challenged to rethink their training of future leaders. Implicit in the calls for action was the assumption that changes were needed to keep corporate actors from explicitly engaging in unethical behavior. The passage of the Sarbanes-Oxley Act in 2002 made a variety of changes targeted to reduce intentionally corrupt behavior, including the regulation of public accounting firms.

Although we applaud such changes in the incentive structure to make organizational actors act more ethically, we believe that such measures simply bypass the vast majority of unethical behaviors that occur without the conscious awareness of the actors who engage in them. The papers in this special issue provide insight into the types, magnitude, and causes of unethical behavior that can occur without the conscious awareness in the actor performing the unethical action and the consequences for those affected by their actions. These ordinary unethical behaviors are conceived to be ordinary because they are assumed to be rooted in the basic mechanics of the mind's abilities and constraints (Banaji, 2001). They are also ordinary in that such unethical behaviors are not characteristic of a special group of unethical people, the bad apples that Enron had to cast away, but rather of all of us. If this is true, then the pervasiveness of what is termed "unethical" must be rethought, and as such the solutions to contemporary ethical scandals may need special attention. To engage in a satisfactory discussion of these issues, we

[1]Harvard University, Boston, Massachusetts.
[2]Department of Psychology, Harvard University, Cambridge, Massachusetts.
[3]All correspondence should be addressed to Max H. Bazerman, Negotiations, Organizations, and Markets Unit, Harvard Business School, Harvard University, Mellon D-3-7, Soldiers Field, Boston, Massachusetts 02163; e-mail: mbazerman@hbs.edu.

first and foremost require a clear understanding of what exactly is known about the constraints and flexibility of thoughts and feelings as they operate in the social context. This special issue of *Social Justice Research* has the goal of putting the social psychology of ordinary unethical behavior at the forefront of discussions that will eventually create more ethical individual actors, organizations, and societies.

We argue that to understand and change the ethicality of human action requires going beyond the common assumption that lapses in ethics are the result of people choosing self-rewarding behavior over what is right. This idea is not original, having its roots in mid-20th century contributions that unveiled the bounds on the rationality of people and organizations (March and Simon, 1958; Simon, 1956). That theme continues today in the work on decision making in the tradition established by Amos Tversky and Daniel Kahneman on the stunningly simple pitfalls in ordinary acts of everyday thought.

Another tradition of experimental psychology that unwittingly appears to have consequences for understanding ethical behavior is the recent challenge to the assumption that humans are conscious agents of thought and action. Rapidly accumulating evidence points to the limits of the conscious mind, the pervasiveness of the unconscious mind (Wegner, 2002), and the relevance of unconsciously guided acts to explain unethical behavior (Banaji, 2001; Banaji *et al.*, 2003; Banaji and Bhaskar, 2000; Chugh *et al.*, in press). Wegner has demonstrated how "the illusion of conscious will" leads human beings not only to claim responsibility, but also intention, for actions over which they had absolutely no control. The power of the unconscious mind has been especially examined through the processes of stereotyping and prejudice. Research by Fazio (2000), Devine (1989), Greenwald and Banaji (1995), and Bargh (1999) has shown the myriad circumstances in which attitudes, beliefs, and actions are based on implicit feelings and thoughts. The Implicit Association Test (IAT; Greenwald *et al.*, 1998), in particular, allows further insight into thoughts and feelings that lie outside one's control, even when awareness of what is being measured is granted. The already extensive research using the IAT has shown that the mental processes that guide outcomes can affect oneself as well as others, and operate both within and outside of conscious awareness. Both clearly have an impact on behavior, and growing evidence suggests that we overstate the possibility that conscious feeling and thought influence behavior, and understate the link between unconscious mental processes and action. The trouble arises when we assume that an act is motivated by thoughts and feelings that are objective, fair, and judicious, when in fact they can be shown to be quite opposed to this intention. The papers contained in this issue show the vicissitudes of ordinary failures of ethics.

In this special issue of SJR, we ask leading scholars of social behavior to offer their expertise and insights on a variety of circumstances in which ordinary unethical behavior occur and influence—stereotyping and prejudice, ingroup favoritism, conflict of interest, and overclaiming contribution. We also encouraged

them to address the basic mechanics by which the human mind engages itself to produce the roots of unethical behavior, and to explore the degree to which unethical behavior can be explained by the presence of implicit thought, feeling, and motivation.

Susan Fiske provides an overview of the multiple eras of social psychological reasoning, with particular attention to the psychology of ordinary unethical behavior. Fiske's research over the past 25 years has explored the basic mechanisms of stereotyping such as solo status in organizational context, the role of power, and the trade-off between category-based and person-based decision making. Her unique contribution is recorded in her expert testimony in *Hopkins v. Price Waterhouse*, a case of gender discrimination involving blatant sexism that can originate from simple mental and structural factors of perception. Her current paper brings us up to date, places the recent flurry of research activity in its historical context, and highlights the future of the study of ordinary unethical behavior.

Laurie Rudman offers a review of the nature, causes, and consequences of implicit biases that explain stereotyping and prejudice. Rudman notes that if we use verbal self-report measures to ask people about their hostility toward minority groups, and compare these to similar responses decades earlier, we would conclude that that "prejudice has become, if not outdated, at least unfashionable." But, Rudman also provides extensive evidence of prejudice that continues to exists, that prejudice cannot be explained by relying exclusively on explicit measures, and shows the benefit of adding implicit measures into the mix.

Nilanjana Dasgupta provides a thorough review of work on ingroup favoritism and outgroup derogation. The phenomenon of ingroup favoritism is a prime example of the way in which unethical behavior can be so ordinary. Most people, when helping a member of their group to achieve success—in gaining admission to a university or job—genuinely believe that they are doing something good, while failing to realize that the result of helping ingroup members has the simultaneous effect of harming those who do not receive such support such as outgroup members. Dasgupta goes on to summarize a fascinating wealth of experimental evidence, including the original research on social categorization and favoritism, more recent evidence on how quickly implicit ingroup favoritism is created, and the conditions under which the opposite of ingroup favoritism is obtained in members of disadvantaged, but not advantaged, groups.

Don Moore and George Loewenstein explain unethical behavior when humans are confronted with conflicts of interest (auditing clients to whom you also want to sell services, prescribing medical treatments that reward the doctor making the prescription, etc.) by developing a model of self-interest and ethical concerns and their influence on behavior. They argue that self-interest is automatic, viscerally compelling, and typically unconscious. In contrast, their model suggests that paying attention to ethical concerns is typically a more thoughtful process. Moore and Loewenstein argue that the automatic (or ordinary) nature of focusing

on self-interest makes it difficult for people to understand its influence on their judgment, and even harder to eliminate its influence.

Nick Epley and Eugene Caruso explore the unconscious aspects of the common known tendency of humans to overclaim credit (Ross, 1977). Epley and Caruso provide compelling data that this behavior is automatic and unconscious and that ethical judgments stem from three basic psychological processes. They conclude that people automatically interpret data egocentrically, that they automatically evaluate those egocentric interpretations as good or bad, positive or negative, threatening or supportive, and that moral judgments are based upon these automatic and primitive evaluative responses. Their paper highlights the difficulty of counteracting egocentrism, yet offers some hints about where the best opportunities for doing so exist.

Dolly Chugh connects the content embedded in the papers of this special issue to the managerial context, and critically examines the relevance and predictive validity of ordinary unethical behavior in organizational contexts. She argues that managers and organizations are critical to the creation of an ethical environment. She also argues that core elements of managerial life exacerbate the likelihood of each of the ordinary unethical behaviors that are developed in the other chapters of this special issue. Finally, Chugh offers a framework for predicting when ordinary unethical behavior is most likely to arise in organizations.

Ann Tenbrunsel and David Messick argue that a key mechanism in promoting ordinary unethical behaviors is the tendency for individuals to engage in self-deception. Tenbrunsel and Messick show that people typically fail to even notice the ethical components of decisions. They introduce the concept of "ethical cleansing" to describe how people often unconsciously transform ethical decisions into ones that are ethically clean. They conclude that a core component of ethical education involves learning to identify the ethical implications of one's actions, rather than sliding into ethical cleansing that typically disallows self discovery.

Collectively, the ideas and strong proposals contained in this special issue have the potential to transform ethics education and the behavior of individuals, both within and outside of managerial roles. Tenbrunsel and Messick (this volume) argue that "Typical instruction includes an overview of ethical theory, discussion of ethical principles, and applications of such principles using the case-based method. Such instruction assumes that by highlighting and emphasizing the moral components of decisions, executives will be more likely to choose the moral path." And, at least some knowledgeable observers argue that ethics training has produced limited evidence of changing behavior (Badaracco and Webb, 1995). We argue that one of the reasons for the limited effectiveness of current solutions is their almost exclusive focus on explicitly unethical behavior. If many instances of ethically compromised behavior are either entirely or partially committed in unwitting ways, the current focus on methods for improvement (although necessary) are not sufficient to address the issues. In addition, those that are most ethically

challenged, even about explicit ethical issues, may be the least open to hearing the important messages of ethics training.

In contrast, we place our hope in the knowledge provided in the papers in the current special issue to highlight ethical concerns that are likely to have escaped the attention of even the actor perpetuating the ordinary unethical behavior. Messick and Bazerman (1996) argued against the perspective that executive ethics is primarily based on explicit tradeoffs between ethics and profit. Rather, they argued that efforts to improve ethical decision making are better aimed at understanding our psychological tendencies. Almost a decade later, we add that the unconscious aspects of these psychological tendencies, particularly those highlighted by the authors in the current issue, may offer the best keys to improving individual and organizational ethics. Their insights can be used by the future congressional committees and acts to imagine systems of promoting ethical conduct that do not shy away from these important revelations about how the human mind works in everyday social life.

REFERENCES

Badaracco, J., and Webb, A. (1995). Business ethics: A view from the trenches. *Calif. Manage. Rev* 37: 8–28.

Banaji, M. R. (2001). Ordinary prejudice. *Psychological Science Agenda* 14(Jan–Feb): 8–11. American Psychological Association.

Banaji, M. R., Bazerman, M., and Chugh, D. (2003). How (Un)Ethical Are You? *Harv. Bus. Rev.* 81: 56–64.

Banaji, M. R., and Bhaskar, R. (2000). Implicit stereotypes and memory: The bounded rationality of social beliefs. In Schacter, D. L., and Scarry, E. (eds.), *Memory, Brain, and Belief*, Harvard University Press, Cambridge, MA, pp. 139–175.

Bargh, J. A. (1999). The cognitive monster: The case against controllability of automatic stereotype effects. In Chaiken, S., and Trope, Y. (eds.), *Dual Process Theories in Social Psychology*, Guilford, New York, pp. 361–382.

Chugh, D., Bazerman, M. H., Banaji, M. R., Moore, D., Lamenstein, G., Cain, D., and Bazerman, M. H. (in press). Bounded Ethicality as a Psychological Barrier to Recognizing Conflicts of Interest, Cambridge University Press, New York.

Devine, P. G. (1989). Stereotypes and prejudice: Their automatic and controlled components. *J. Pers. Soc. Psychol.* 56: 5–18.

Fazio, R. H. (2000). Accessible attitudes as tools for object appraisal: Their costs and benefits. In Maio, G., and Olson, J. (eds.), *Why We Evaluate: Functions of Attitudes*, Erlbaum, Mahwah, NJ, pp. 1–36.

Greenwald, A. G., and Banaji, M. R. (1995). Implicit social cognition: Attitudes, self-esteem, and stereotypes. *Psychol. Rev.* 102: 4–27.

Greenwald, A. G., McGhee, D. E., and Schwartz, J. K. L. (1998). Measuring individual differences in implicit cognition: The implicit association test. *J. Pers. Soc. Psychol.* 74: 1464–1480.

March, J. G., and Simon, H. A. (1958). *Organizations*, Wiley, New York.

Messick, D. M., and Bazerman, M. H. (1996). Ethics for the 21st century: A decision making approach. *Sloan Manage. Rev.* 37: 9–22

Simon, H. A. (1956). Rational choice and the structure of the environment. *Psychol. Rev.* 63: 129–138.

Wegner, D. M. (2002). *The Illusion of Conscious Will*, MIT Press, Cambridge, MA.