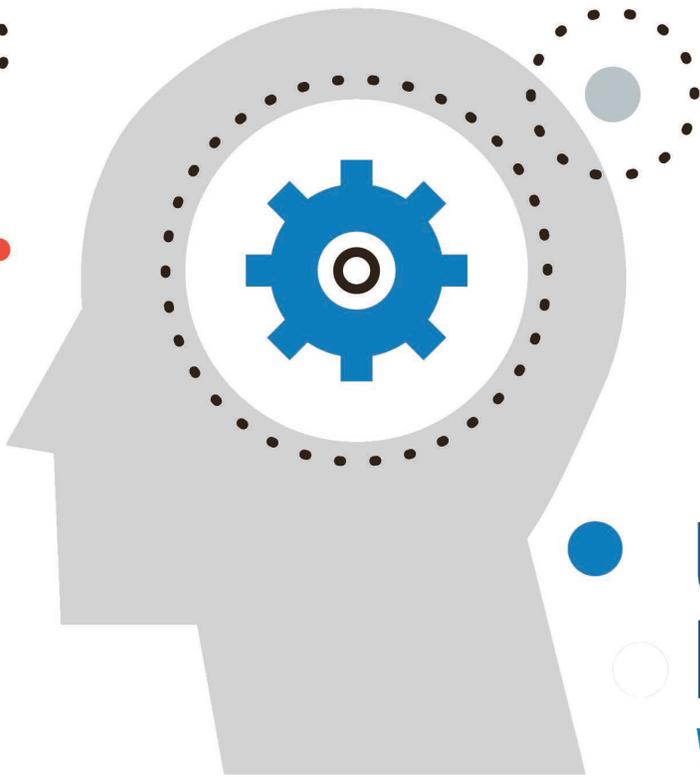




Ethics & Compliance
Association



UNDERSTANDING ETHICAL FADING

Why Good People Go Astray

A Product of an ECI Fellows Working Group

History books and newspapers are filled with stories of individuals who make unethical choices that do an extraordinary amount of harm to others. But the vast majority of wrongdoing in workplaces isn't committed by calculating sociopaths who choose whatever advances their desires, with no regard for the law, basic decency, and the safety of others. Most misconduct is committed by people who know right from wrong.

Which raises the question: Why do "good" moral people sometimes stray and behave against their deep-rooted values?

One of the most common factors that enables "ethical" people to make unethical choices is the process of ethical fading. Described as "the process by which, consciously or subconsciously, the moral colors of an ethical decision fade into bleached hues that are void of moral implications," ethical fading refers to situations when we don't consider ethical implications and consequences of a particular decision.

Ethical dilemmas have been described as a battle between our "should" selves, characterized by our values and principles and our "want" selves, characterized by self-interest and self-protection. Prior to being confronted with an ethical dilemma, our "should" self dominates and we believe we will act in line with our values. However, at the time of the dilemma, our "want" self wins the battle and our "should" self is hidden and we make unethical decisions without even realizing that they were unethical, as the ethical aspects were faded from the decision.

DECISION FRAMES: SHAPING OUR UNDERSTANDING OF THE DECISION TO BE MADE

One factor that contributes to ethical fading is the use of “decision frames” that deprioritize ethics. A decision frame is the mental structure we use to categorize the nature of a choice. Decisions often involve competing interests and priorities. When looking to determine the best course of action, one of the first steps our mind takes is to label the decision. Is it a finance decision? A legal decision? An ethical decision? Once that categorization is made, the decision-making process ensues but it only includes criteria relevant to the chosen category of decision. So, if you labeled the decision as a finance decision, criteria related to that type of decision – financial risk, uncertainty, payback period, rate of return, net present value, profit, etc. – would be the criteria you would likely use to analyze the decision options, ‘fading out’ other considerations.

Problems arise when that classification doesn’t include ethical considerations, as often occurs with decisions labeled as business decisions. If you don’t see the ethical implications, then the values, principles and morals that you hold will not be applied to the resulting decision as it isn’t “that type of decision.” You might be an ethical person who intends to make ethical choices but this is less likely to happen when a decision isn’t categorized as an ethical one, because human beings tend to simplify.

AN EXAMPLE OF ETHICAL FADING

Research suggests that sanctioning systems will often induce people to use a business (rather than an ethical) frame, leading them to think about factors such as the probability of being caught, the strength of the sanction, and/or the cost of being caught. Individuals who apply a business frame are more likely to conduct this sort of cost-benefit analysis instead of conducting an ethical analysis of the appropriate action to take.

MORAL DISENGAGEMENT: INTERRUPTING THE ETHICAL STANDARDS THAT KEEP GOOD PEOPLE IN LINE

Ethical fading is also more likely when decision makers engage in “Moral Disengagement.” Central to the theory of moral disengagement is the assumption that self-regulatory processes generally keep “good” people in line because of internalized moral standards. Self-censorship works to stop behavior that is contrary to those standards. Moral disengagement mechanisms interrupt this self-regulatory process.

Researchers have identified eight moral disengagement mechanisms, which have then been classified into three broad categories: cognitive restructuring of the issue; obscuring of the individual’s moral agency; and minimizing perceptions of harm to others. In greater detail below we explore three of these that are witnessed commonly in business environments.

	DISENGAGEMENT MECHANISM	ACTION	SAMPLE LANGUAGE
COGNITIVE RESTRUCTURING	Moral Justification	Use moral ends to justify means.	“I’m doing it for a good cause.”
	Euphemistic Language	Sanitize language	“We’re ‘pushing the envelope’ rather than engaging in risky behavior.”
	Advantageous Comparison	Contrast with more egregious behavior	“What others do is worse than what we’re doing so we’re not so bad. It’s the industry standard.”
OBSCURING MORAL AGENCY	Displacement of responsibility	Attribute action to leadership	“My boss made/expects me to do it.”
	Diffusion of responsibility	Attribute to multiple actors	“It was a group decision.” “I had to be a team player.”
MINIMIZE PERCEPTION OF HARM TO OTHERS	Distortion of consequences	Obscure true nature of action and its outcomes	“It’s not a big deal.”
	Dehumanization	Decide victim doesn’t deserve to be treated in a moral way	“He doesn’t deserve any better.”
	Attribution of blame	Blame the victim	“It’s their own fault. They should have read the directions.”

Language Euphemisms

In both professional and personal settings, individuals can intentionally or subconsciously neutralize charged behaviors by using neutral language. In many cases these euphemisms have become so commonly used that it can take some peeling back of the layers to reveal their unvarnished meaning. Below are several commonly-used euphemisms which can obscure and diminish the ethical dimensions of a decision.

CHARGED WORD	EUPHEMISM
Weakness	Area of opportunity
Layoffs	Rightsizing
Misrepresentation	Creative Accounting
Pollution / negative impacts	Externalities
Bribe	Tip
Rule-breaking	Technical Violation
Unethical decision	Bad call
Stealing	Borrowing
Lying	Fudging
Engaging in risky behavior	Pushing the envelope
Fine/punishment	Cost of doing business

Displacement of Responsibility

For ethical action to occur, individuals need to feel a sense of personal responsibility. Under displacement of responsibility, employees simply do what they're told to do by authority figures and assign responsibility for the behavior to the authority figure. This is common in organizations because of their innately hierarchical structure. Employees may displace responsibility because they believe a senior leader wants a particular outcome regardless of the means necessary and/or that the senior leader would never ask for something an employee is not allowed to do.

Displacement of responsibility is especially likely if the immediate supervisor asks the employee to do something questionable or unethical. The supervisor might even say, "Don't worry. That's my responsibility – not for you to be concerned about," thus removing responsibility from the employee's shoulders, along with the ethical implications. Managers may also send the wrong message about expectations when they do not balance their messages, e.g., "We need to pick up the pace on production because we risk missing our targets" without adding, "while also maintaining our commitment to quality."

Diffusion of Responsibility

A similar phenomenon can occur in the workplace when responsibility is spread across a group or transferred to other people or parts of the organization. This is common in today's complex organizations where employees are asked to fulfill a piece of a larger project. As a result, responsibility is diffused among the different departments and people, leaving no one person feeling responsible for potential harm that may result.

DIFFUSION OF RESPONSIBILITY IN ACTION

When Scott Peck studied the My Lai massacre in Vietnam, he found that those he interviewed said things like, "We are not the department you want... We only supply the weapons. We don't determine how they're used."

Peck called this "the fragmentation of conscience."

WHAT DOES THIS MEAN FOR YOU? IMPLICATIONS OF THE RESEARCH.

Because it is a subconscious process, ethical fading doesn't respond well to traditional deterrence. As a result, we recommend the following strategies:

- **Predict conditions where ethical fading is likely to happen.** Because it is a subconscious process, we must be attentive to the conditions that make ethical fading more likely: high stakes or pressure; strong social, career or financial incentives; short time-frames; the task/ethical requirement or want/should-self pulling in opposite directions; physical exhaustion; cognitive overload; focus on sanctions; compartmentalization of ethics responsibilities; framing the decision as a “business” decision; compliance requirements that require effort or thinking to meet. All indicate increased risk.
- **Make training relevant.** “Should” motives (i.e. our values) are more dominant when we are predicting or imagining how we will behave whereas “want” motives (i.e., self-interest), often are more salient at the time we are making our decision. Often, training asks us to imagine or predict how we will behave, conjuring up “should” motives and leaving us ill-equipped for the actual situation when the “want” motives will rear their ugly heads. To help your employees prepare for an ethical dilemma, training should reflect opportunities for them to actually make ethical decisions “under pressure” and think about the motivations they might experience “in the moment.” Because actual motivations are often unexpected, naming and preparing for “in the moment” motivations will empower employees to identify strategies to deal with them.
- **Interrupt the moment.** Give time for the “should” self. Reduce the tendency to focus solely on feasibility – what makes sense in this moment – and instead encourage employees to think about the company’s ethical principles and their personal values.
 - Encourage employees to think in the abstract and see the big picture, rather than focusing solely on details.
 - Build in a waiting period for high-risk activities.
 - Insert an approver into the process.
 - Use checklists to prompt thoughts about ethics.
- **Recognize that much of what drives ethical fading also drives business.** Removing pressure or killing big goals isn't the only way forward. There are other things you can do to interrupt potential ethical fading.
 - **Time ethical reminders to the risky event.** For example, if customer meetings create conditions for ethical fading, deliver an ethical reminder right before the meeting, or hold the meeting in a conference room that has imagery from your Code of Conduct. Although employees might not believe this works, research has proven it is effective.
 - **Frame ethics as part of the business goal.** Ethics may be part of your company’s DNA, but should still be explicitly stated as part of relevant objectives or day-to-day balanced instructions from supervisors at all organizational levels. Doing this can accomplish two things: 1) shifting the ethical requirement more to the should self, and 2) creating a priming effect through more frequent mentions of ethics. For example, “We must achieve x” needs to be paired with “but ethical violations will keep us from achieving our goal”. By highlighting ethical considerations, the tendency for compliance systems to lead to a default business frame, and the corresponding ethical fading that occurs, will be reduced.
 - **Engage employees.** Train employees to be on the lookout for moral disengagement mechanisms. Ask them to “name” your organization’s euphemisms and to identify situations where they are at risk of displacement or diffusion of responsibility, or other moral disengagement mechanisms.
 - **Encourage employees to speak up and leaders to listen.** If employees have ethics concerns, leaders should not dismiss them. The leader should welcome the expressed concern and be able to satisfactorily explain why the ethics issue is not the problem the employee perceives it to be (if that is the case), or take visible action to correct the situation.
 - **Hold employees accountable.** Organizations are consciously designed to divide responsibility. But, given the potential ill effects of diffusion of responsibility, organizations and ethics and compliance officers should be more cognizant of the implications of organizational design decisions. Consider several factors: Who is expected to talk with whom? How are tasks divided? And, how could organizational design contribute to the diffusion of responsibility versus make employees feel more personally accountable?

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