

## **Bounded Ethicality**

### **Questions for classroom discussions**

- 1) Do you think that acting ethically is just a matter of wanting to badly enough?  
Why or why not?
- 2) What kinds of situational factors can you think of that might make it difficult for a well-intentioned person to always do the right thing?
- 3) Can you think of a time when you did not live up to your own ethical standards? What caused you to depart from your own standards?
- 4) Can you think of an example of a friend who acted unethically? Or someone in the news lately? Without making excuses for them, can you explain why they might have made bad ethical decisions even though they are generally good people?
- 5) Do you think it's possible to be completely rational when making ethical decisions? Why or why not?
- 6) Do you think we can improve moral behavior by helping people understand that ethical decision making isn't solely about what happens inside their heads, but also involves an appreciation for organizational pressures, psychological factors, and other environmental conditions that can cause good people to make bad decisions?

## Additional Resources

HERBERT SIMON, ET AL., ECONOMICS, BOUNDED RATIONALITY AND THE COGNITIVE REVOLUTION (2008).

ROBERT HOYK & PAUL HERSEY, THE ETHICAL EXECUTIVE; BECOMING AWARE OF THE ROOT CAUSES OF UNETHICAL BEHAVIOR: 45 PSYCHOLOGICAL TRAPS THAT EVERY ONE OF US FALLS PREY TO (2008).

Ann E. Tenbrunsel et al., *Understanding Ethical Behavior and Decision Making in Management: A Behavioural Business Ethics Approach*, 22 BRITISH JOURNAL OF MANAGEMENT S1 (2011).

MAX H. BAZERMAN & ANN E. TENBRUNSEL, BLIND SPOTS: WHY WE FAIL TO DO WHAT IS RIGHT AND WHAT TO DO ABOUT IT (2012).

## Additional Note

This video introduces students to concepts explored in more detail in several other “Concepts Unwrapped” videos on the Ethics Unwrapped website, as well as to the “In It to Win: The Jack Abramoff Story” documentary, and its accompanying short videos. Anyone who watches all or even a good part of these videos will have a pretty solid introduction to the concept of behavioral ethics.

Behavioral ethics is a new field drawing on behavioral psychology, cognitive science and related fields to determine why people make the ethical decisions, both good and bad, that they do. Much behavioral ethics research addresses the question of why good people do bad things.

Behavioral ethics may be the “next big thing” in ethics education. N.Y.U. recently asked Prof. Jonathan Haidt, whose research is a major part of the new learning in behavioral ethics, to create a behavioral ethics course there. And John Walsh, who helped create the Office of Compliance Inspections and Examinations at the SEC, recently wrote in *Corporate Counsel* that the “ultimate promise of behavioral ethics...is that it provides pragmatic tools that have been demonstrated to work.”

A detailed article on teaching behavioral ethics with extensive teaching resources will be published in *Journal of Legal Studies Education* (Forthcoming August 2014, Volume 3, Issue 2). To download a PDF of this article by Robert A. Prentice, "[Teaching Behavioral Ethics](http://ethicsunwrapped.utexas.edu/wp-content/uploads/2013/10/Teaching-Behavioral-Ethics-by-Robert-A.-Prentice.pdf)," go to <http://ethicsunwrapped.utexas.edu/wp-content/uploads/2013/10/Teaching-Behavioral-Ethics-by-Robert-A.-Prentice.pdf>

A somewhat dated, but still serviceable introductory article on teaching behavioral ethics is: Robert A. Prentice, *Teaching Ethics, Heuristics, and Biases*, 1 *Journal of Business Ethics Education* 57-74 (2004), which is accessible through Google Scholar.

## **Transcript of Narration**

### **Written by Professor Robert Prentice**

Economists have often modeled human decision makers as completely rational. According to this model, rational people know their own preferences, gather and accurately process all relevant information, and then make rational choices that advance their own interests. However, Herbert Simon won a Nobel Prize in economics by pointing out that people are rational, but only boundedly so in that they seldom gather all available information, they often do not accurately process the information that they do gather, nor do they necessarily know what it is that will make them happy. People are rational, but boundedly so.

If the last fifty years of psychological research has proven anything, it's that the situational often dominates the dispositional. That is to say, our disposition or desire to be good people can be overwhelmed by psychological or organizational factors that we may not even be aware of. These factors adversely affect ethical decision making as well as economic decision making, meaning that people are boundedly ethical as well as boundedly rational.

The basic notion, as spelled out by Professor Ann Tenbrunsel and her colleagues, is that systematic and predictable organizational pressures and psychological processes cause people to engage in ethically questionable behaviors that are inconsistent with their own preferences. Various factors cause us to make unethical decisions that we later regret.

For example, although most of us want to act ethically, we also wish to please authority figures. Therefore, if our boss asks us to do something unethical, we may do it without even realizing our mistake because we are focusing on pleasing the boss rather than on the ethical dimensions of the issue facing us.

To take another example we also have a natural desire to be “part of the team” at work. Therefore, if a questionable action advances the team’s interests, as we perceive them, we may act unethically because, again, we are focusing upon achieving the team’s goals rather than adhering to our own ethical standards.

Most of us want to act ethically, and are certain that we will because we just know we’re good people. But most of us are also overconfident regarding our own ethicality. This can lead to complacency that causes us to make decisions containing ethical dimensions without reflecting deeply.

We’re ethical, it’s true, but boundedly so. I recommend a little humility. Only if we truly commit ourselves to being ethical people and diligently guard against the organizational pressures and psychological factors that put bounds upon our ability to be so, can we possibly realize our ethical potential.