

## ***Bounded Ethicality***

This video introduces the behavioral ethics bias known as bounded ethicality. Bounded ethicality explains how predictable social and organizational pressures and our own psychological processes cause us to engage in ethically questionable behavior that is inconsistent with our own values and preferences.

To learn about related behavioral ethics concepts, watch Conformity Bias, Moral Equilibrium and Obedience to Authority.

The case studies on this page explore two examples of how bounded ethicality can conflict with one's own work or values. "The CIA Leak" examines the disclosure of classified information that led to the identification of a CIA agent. "Healthcare Obligations: Personal vs. Institutional" explores the difficult decision a medical doctor must make when informing patients of the effectiveness of flu shots while upholding institutional recommendations.

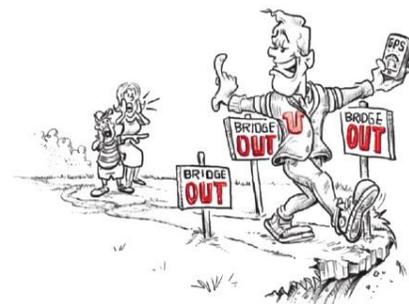
Behavioral ethics draws upon behavioral psychology, cognitive science, evolutionary biology, and related disciplines to determine how and why people make the ethical and unethical decisions that they do. Much behavioral ethics research addresses the question of why good people do bad things. Many behavioral ethics concepts are explored in detail in *Concepts Unwrapped*, as well as in the video case study *In It to Win: The Jack Abramoff Story*. Anyone who watches all (or even a good part) of these videos will have a solid introduction to behavioral ethics.

## **Discussion Questions**

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**

Bazerman, Max H., and Ann E. Tenbrunsel. 2011. *Blind Spots: Why We Fail to Do What's Right and What to Do about It*. Princeton, NJ: Princeton University Press.



De Cremer, David, Rolf van Dick, Ann Tenbrunsel, Madan Pillutla, and J. Keith Murnighan. 2011. "Understanding Ethical Behavior and Decision Making in Management: A Behavioural Business Ethics Approach." *British Journal of Management* 22 (s1): s1-s4.

Hoyk, Robert, and Paul Hersey. 2008. *The Ethical Executive: Becoming Aware of the Root Causes of Unethical Behavior: 45 Psychological Traps That Everyone of Us Falls Prey To*. Stanford, CA: Stanford University Press.

Simon, Herbert A., Massimo Egidi, Riccardo Viale, and Robin Marris. 1992. *Economics, Bounded Rationality and the Cognitive Revolution*. Aldershot, UK: Edward Elgar Publishing.

For resources on teaching behavioral ethics, an article written by Ethics Unwrapped authors Minette Drumwright, Robert Prentice, and Cara Biasucci introduces key concepts in behavioral ethics and approaches to effective ethics instruction—including sample classroom assignments. The article, published in the *Decision Sciences Journal of Innovative Education*, may be downloaded here: "[Behavioral Ethics and Teaching Ethical Decision Making](#)."

A detailed article by Robert Prentice with extensive resources for teaching behavioral ethics, published in *Journal of Legal Studies Education*, may be downloaded here: "[Teaching Behavioral Ethics](#)."

An article by Robert Prentice discussing how behavioral ethics can improve the ethicality of human decision-making, published in the *Notre Dame Journal of Law, Ethics & Public Policy*, may be downloaded here: "[Behavioral Ethics: Can It Help Lawyers \(And Others\) Be their Best Selves?](#)"

A dated but still serviceable introductory article about teaching behavioral ethics can be accessed through Google Scholar by searching: Prentice, Robert A. 2004. "Teaching Ethics, Heuristics, and Biases." *Journal of Business Ethics Education* 1 (1): 57-74.

Messick, David M., and Ann E. Tenbrunsel (Editors). 1996. *Codes of Conduct: Behavioral Research into Business Ethics*. New York: Russell Sage Foundation.

Rhode, Deborah L. (Editor). 2006. *Moral Leadership: The Theory and Practice of Power, Judgment, and Policy*. San Francisco, CA: Jossey-Bass.

Werhane, Patricia H., Laura Pincus Hartman, Crina Archer, Elaine E. Englehardt, and Michael S. Pritchard. 2013. *Obstacles to Ethical Decision-Making: Mental Modes, Milgram and the Problem of Obedience*. Cambridge, UK: Cambridge University Press.

## Transcript of Narration

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“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.”