

Moral Equilibrium

This video introduces the behavioral ethics bias known as moral equilibrium. Moral equilibrium describes how, when we do something good, we get to thinking of ourselves as pretty good people, and can then give ourselves license to fail to live up to our own ethical standards.

To learn about related behavioral ethics concepts, watch *Self-serving Bias* and *Being Your Best Self, Part 3: Moral Intent*. For a closer look at how moral equilibrium affected the behavior of former lobbyist Jack Abramoff, watch *In It to Win: Jack & Moral Equilibrium*.

The case study on this page, “Buying Green: Consumer Behavior,” examines how consumers who buy more environmentally-friendly products may give themselves the moral license to also indulge in unhealthy products. For a related case study about how doing good in nonprofit work may lead to misleading behavior, read “Full Disclosure: Manipulating Donors.”

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. Can you explain how the two aspects of moral equilibrium—moral compensation and moral licensing—work?
2. Do you keep a running scoreboard in your head in which you keep track of what sort of a person you are being? Do you notice when you are not living up to your own ethical standards?
3. Can you think of any examples from your life where you engaged in either moral compensation or moral licensing?
4. Oral Suer, the former CEO of the Washington D.C.-area United Way was a tireless worker who raised more than \$1 billion for charities over a 30-year career. However, he secretly funneled several hundred thousand dollars of funds raised for other purposes into his own pocket to ‘reward’ himself for all the hard work he had done. What label would you put on Suer’s thinking that led him to decide to act in this way?
5. When are you most vulnerable to moral licensing? How can you guard against being a victim of moral licensing in your own thinking?
6. How can charitable organizations guard against being victimized by moral licensing engaged in by their employees?

Additional Resources

Cain, Daylian M., George Loewenstein, and Don A. Moore. 2005. "The Dirt on Coming Clean: Perverse Effects of Disclosing Conflicts of Interest." *The Journal of Legal Studies* 34 (1): 1-25.

Khan, Uzma, and Ravi Dhar. 2006. "Licensing Effect in Consumer Choice." *Journal of Marketing Research* 43 (2): 259-266.

Prentice, Robert A. 2011. "Moral Equilibrium: Stock Brokers and the Limits of Disclosure." *Wisconsin Law Review* 2011 (6): 1059-1107.

Sachdeva, Sonya, Rumen Iliev, and Douglas L. Medin. 2009. "Sinning Saints and Saintly Sinners: The Paradox of Moral Self-Regulation." *Psychological Science* 20 (4): 523-528.

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.

Transcript of Narration

Written and Narrated by

Robert Prentice, J.D.
Business, Government & Society Department
McCombs School of Business
The University of Texas at Austin

“Over the years we’ve all seen high-profile televangelists and “family values” politicians involved in sex scandals. You might have also noticed numerous cases of embezzlement by employees of charitable organizations. How is it that seemingly good people can act so unethically?

One factor is a psychological phenomenon known as moral equilibrium. The basic idea is that most of us want and indeed need to think of ourselves as good people. We keep a sort of running scoreboard in our heads, comparing our mental image of ourselves as good people to our actual behavior.

When we act in ways that don’t live up to our own ethical standards, we tend to feel bad and look for ways to make up for it. So we might do good deeds in order to restore balance to our internal scoreboard. This is called moral compensation.

On the flip side, when we do something good, we add points to the plus side of our mental scoreboard, and we then may give ourselves permission to fail to meet our own ethical standards. This is called moral licensing.

Moral compensation and moral license are the two components of moral equilibrium. Moral licensing is the scary one. It is what allows TV evangelists, family values politicians, and people who work for charities to start telling themselves how wonderful they are, and then to give themselves permission to depart from their own ethical standards. Importantly, these people don’t even realize how their past actions are affecting their current decisions.

One study asked two groups of people to write about themselves. The first group wrote about something they did that they were NOT proud of, and the second group wrote about something they did that they WERE proud of. Afterwards, both groups were asked to donate to charity or to volunteer. The first group donated more to charity and volunteered more than the second group. The first group – bad deeds fresh in their mind – was engaged in moral compensation. The second group – focused on their own goodness – was practicing moral license.

There are many more studies on moral equilibrium, and they all make the same point: don’t get cocky! Just when you’re feeling especially good about yourself, you’re most in danger of giving yourself license to screw up.”