

Blind spots – Why we fail to do what's right and what to do about it

Chapter 1: The gap between intended and actual ethical behavior

Individuals

Scandals damaged our confidence in business and its leaders → this pressure become more ethical

- Codes of conduct, mission statements etc.
- More regulatory efforts like Sox, changes in rules on stock market

Results of these efforts have been mixed – ethical training are predicated on a **false assumption** that individuals recognize an ethical dilemma when it is presented to them.

Behavioral ethics – field that seeks to understand how people actually behave when confronted with ethical dilemmas

- **Moral hypocrisy**: when individuals' evaluations of their own moral transgressions (overtreding van wet/code of conduct) differ substantially from their evaluations of the same transgression committed by others.
 - Inconsistent: your behaviour is often not in line with your beliefs and standards.
 - Double standard: one rule for ourselves, a different one for others

Bounded ethicality: when individuals make decisions that harm others and when that harm is inconsistent with these decision makers' conscious beliefs and preferences.

- o systematic and constraints on our morality that favour our own self-interest at the expense of the interest of others

If ethics training wants to be effective in changing and improving ethical decision making, behavioral ethics should be incorporated – specifically the ways in which our ethics are bounded.

Our preferences and biases affect how we assess ethical dilemmas, but we fail to realize that this is the case.

Bounded awareness results in the systematic failure to see information that is relevant to our personal lives and professional obligations.

- **Bounded awareness**: Bounded awareness is defined as 'common tendency to exclude important and relevant information from our decision making by placing arbitrary and dysfunctional bounds around our definition of a problem'. This result in the failure to see information in a manner that is relevant to our personal lives and professional obligations. Our perceptions and decision making are constrained in ways we don't realize. → informatie bewust uitsluiten zodat de informatie aansluit bij jouw voorkeur.

Organizations

Groups create additional ethical gaps. This may result in **groupthink**: the tendency for cohesive groups to avoid a realistic appraisal of alternative courses of action in favor of unanimity. **Functional boundaries** prevent individuals from viewing a problem as an ethical one → the ethical dilemma tends to be viewed as an engineering, marketing, or financial problem, even when the ethical relevance is obvious to other groups → ethical fading.

In decision making, there is often a conflict of interest → for example: doctors. Do they recommend a patient the *best* cure or *their* cure? Conflict of interest is seen as a unintentional corruption. When people/organisations see the problem in a certain way, they are not longer able to see the problem objectively.

Business leaders typically fail to appreciate the role of bounded ethicality in their employees' decisions. They typically believe that their employees' integrity will protect them and the organization from ethical infractions. Yet many ethical infractions are rooted in the intricacies of human psychology rather than integrity.

- Leaders need to consider the ways in which their current environment could prompt unethical action without the decision maker's conscious awareness