

# Bounded Ethicality:

## Identifying Common Pitfalls

### What it is

Bounded ethicality describes the systemic and predictable ways in which people make decisions without realizing the implications of their behavior.

Not only do we overestimate the ethicality of our own behavior, more importantly we do not recognize underlying, self-serving biases that can present a huge risk for ourselves and the organizations of which we are a part.

We learn to see ourselves as rational, ethical, competent and, best/worst of all, capable of objective decisions. Within that self perception, we create an ethical blind spot large enough to conceal conflicts of interest or unconscious biases when making a decision.

In short, bounded ethicality explains how even the most ethical people can behave unethically.

### Why it matters

It's all about noticing. Many ethics and compliance programs rely on the integrity of employees, assuming that if they hire good people and explain expectations, employees will behave accordingly.

Individuals make the same mistakes. Bounded ethicality inhibits our ability to recognize behavior as unethical, even though hindsight may tell a different story.

Consider common circumstances:

- a new employee making an effort to become part of the team
- managers trying to reach their quarterly sales or growth targets
- a C-suite executive who, when faced with a "business" decision, fails to see it as an ethical decision
- the worker who has a vested interest in seeing a problem a certain way and thereby loses his ability to be objective

Being fully aware of our flawed self-perception and blind spots before taking action helps us make more ethical decisions.

### What to do

#### BUILD HUMILITY

Avoid vulnerability to bounded ethicality by recognizing the limits of your perception and/or tendency to become complacent. Unethical behavior is not simply the result of bad apples. Ethical people are capable of doing unethical things without noticing them. Challenge your actions accordingly.

#### IDENTIFY BIASES

Understand unconscious processes that may create bounded ethicality. Pay attention to implicit discrimination, to cultural norms and to the framing of decision making. Ensure each decision holds up to ethical scrutiny, especially when it seems irrelevant.

#### POP THE BUBBLE

When deciding whether an action is ethical, do not consider it in a bubble. Doing so makes your judgments vulnerable to subjectivity and justifying, isolating the factors that play into the decision-making process.

Instead, compare the behavior or decision to similar situations that are more familiar to you, and evaluate accordingly. Alternatively, look at the decision by putting yourself into the shoes of different stakeholders. How would they perceive the decision?

#### PAY ATTENTION

Recognize the environmental and social circumstances that could create vulnerability to bounded ethicality. Challenge the culture of group norms and the desire to please higherups, recognizing how your decisions affect the long term. Creating circuit breakers in the thought process will lessen inadvertent unethical actions.

 Bazerman, M.H., & Tenbrunsel, A.E. Blind Spots: Why We Fail to Do What's Right and What to Do about It. Princeton University Press, 2011.

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