

Study examines the impact of moral preferences on ethical

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Would you let other people's ethical preferences determine whether you act unethically on their behalf? Or would you instead rely on your own set of ethics?

According to a recent study co-authored by two USC Marshall School of Business professors, you just might be swayed by what others prefer if you believe that the rewards justified the measures taken to possess them. The study, authored by Scott Wiltermuth and Victor Bennett, assistant professors of management and organization at USC Marshall, with Lamar Pierce, associate professor of strategy at Washington University in Saint Louis, illuminates when people are willing to act dishonesty for the sake of themselves or others and has profound implications for organizations that wish to curb unethical practices.

"The paper is really about how people view dirty money," said Wiltermuth about the study, "Doing as they would do: How the perceived ethical preferences of third-party beneficiaries impact ethical decision-making," published this month in the journal *Organizational Behavior and Human Decision Processes*. "How sensitive are we to people's system of ethics? It turns out some of us are quite sensitive to other people's beliefs, which has implications for when and how often we cheat on behalf of others."

The study expands on Wiltermuth's previous research, which showed that people were more likely to cheat when benefits accrued to others as well as themselves because it better allowed them to justify their own

behavior and thus reduce both their own feelings of guilt and others' blame. In the current study, Wiltermuth and his co-authors wanted to examine whether consideration of the moral preferences of such third-party beneficiaries mitigate the tendency to act unethically when the spoils are shared.

Over the course of three studies, the researchers found that a person's own system of ethics greatly alters his or her willingness to consider what those who may share in the spoils of deceit would think about such dishonesty. They divided participants into those who ascribed to the two most commonly held ethical predispositions: formalism and utilitarianism. People who are formalists focus on rules or principles of behavior when determining the ethicality of actions and ignore the consequences of such actions except when those consequences impact which rule or principle governs the behavior. Utilitarians, on the other hand, judge actions to be ethical if performing those actions increases some measure of societal utility and unethical if performing the actions reduces societal utility.

In the first study, researchers matched participants into pairs of mixed and similar ethical predispositions and had them take part in a modified version of a private die roll exercise. The counterpart to the participant rolling the die would receive \$6 less the number that appeared on the first roll. They found that utilitarians rolling for a partner who shared their ethical world view reported earning more money than when they were paired with formalists, who would disapprove of their dishonesty. Formalists matched with partners of either predisposition did not report earning more money than would have been expected by chance.

A second study again paired participants with those of similar and dissimilar ethical predispositions for a word jumble exercise. This time, both the person working on the exercises and their partner would receive monetary rewards of up to \$6 a piece if they solved all eight problems.

Despite the added incentive, utilitarians were more likely to over-report their performance only for those of similar ethical predispositions. Formalists, meanwhile, were not swayed to over-report their results for any partners.

In the final study, researchers wanted to see if formalists continued to be less responsive to what others held true even when their partner directly signaled how they would like them to behave. Participants were shown a message purportedly written by a partner who would benefit from how well they performed in the same word jumble exercise. Half were paired with a partner who encouraged over-reporting, while the others received a message discouraging over-reporting their performance. Formalists who received a message encouraging over-reporting were somewhat, though not significantly, likely to do so, while utilitarians who received the same message were significantly more likely to over-report how well they did than utilitarians who received no such message.

The results of all three tests showed that when it comes to deciding whether to act honorably or not, the preferences of those who might share in the spoils can be a deciding factor.

"We were looking at a possible way to reduce unethical behavior. What our studies show is that if you can communicate that potential beneficiaries of unethical acts would not want to be receiving from those acts, that can have a powerful effect on the likelihood that an actor will cheat on somebody else's behalf," said Wiltermuth. "If you are at a company and there is the opportunity to cook the books and benefit numerous people, it turns out that as long as that person is a utilitarian and he or she knows about the preferences of other people and those preferences are against cheating that can be an effective way to curb cheating. It may be a shortcut to curbing [unethical behavior](#) and an easier route than to change their ethical framework."

Provided by USC Marshall School of Business

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