

High stakes decision-making causes a little more cheating, a lot less charity

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The age old adage of virtue being its own reward may not hold true in the corporate world—in fact, honourable acts could lead workers to behave more selfishly later on, new research has shown.

A new study has revealed the true extent to which a phenomenon called "moral licensing" can transform how employees self-govern their actions over a course of time.

The research shows they leverage feelings of virtuousness from having resisted a large temptation to act selfishly on a different occasion. The findings have important implications for how companies deal with corporate misconduct and unethical actions.

The study, co-authored by experts from the University of Exeter and the London School of Economics, suggest that traditional methods employed by organisations to deter [unethical behaviour](#) may not be sufficient.

Instead, researchers speculate, in light of their findings, that it may be more effective to remove any substantial temptations for staff to cheat, and pay closer attention to how decision-making processes are structured when it comes to high-stakes decisions.

Zoe Rahwan, who led the research while at the London School of Economics, said: "We found that when people do behave honourably amid an opportunity to significantly enrich themselves through unethical means, they then become more self-serving and less cooperative

immediately after."

Dr. Oliver Hauser, from the University of Exeter Business School, who was part of the research team, said: "Senior staff in organisations are by definition most commonly exposed to high-stakes decisions with associated personal gains and therefore are perhaps the most vulnerable to "moral licensing".

"To avoid the feelings of moral virtuousness that may stem from resisting a personal gain from a high-stakes decision turning into less cooperative behaviour subsequently, organisations may wish to consider assigning responsibility for multiple high-stakes decisions to different decision-makers or reviewing the timing between such decisions."

For the research, the experts asked 2,015 participants to play 10 rounds of a coin-flipping task, where they could earn money by reporting that the outcome of a coin toss matched their prediction. This provided an opportunity to lie in a manner which nobody else could verify. The responses were then measured against the statistically most likely set of results for correct guesses.

The researchers later told the participants that they could also donate any of their winnings from the coin-flipping task to one of five charities.

People's self-perception of their morality was measured immediately after the coin-flipping task, and a day later.

The researchers first examined how the size of temptation affected cheating behaviour. They varied the rewards by 500 times with rewards ranging from a maximum 10 US cents (~8 pence) to 50 US dollars (~40 pounds) - a much higher reward, and ultimately temptation, than is commonly used in such experiments.

Consistent with past research, they found that the reward size had a negligible effect on unethical decision-making—in the first instance. However those who cheated the least when tempted with high stakes were more likely to license themselves not to behave so charitably in another task.

Many of the most 'dishonest' participants felt more guilty than other groups about their behaviour immediately after the task and were the only group to feel even worse a day later. This suggests people underestimate the psychological costs of unethical behaviour.

Dr. Barbara Fasolo, Associate Professor at the London School of Economics and a member of the research team, said of the findings: "Our research complements a growing experimental literature that shows that the size of the payoff is not a key driver of immediate unethical behaviour and many people engage in low-level cheating.

"However, we also demonstrate that there are costs to resisting great personal temptations in the form of subsequent non-cooperative [behaviour](#), and that the few people who engage in maximal cheating underestimate the toll it takes on how they perceive their own morality their moral self-perception."

More information: Zoe Rahwan et al, High stakes: A little more cheating, a lot less charity, *Journal of Economic Behavior & Organization* (2018). [DOI: 10.1016/j.jebo.2018.04.021](https://doi.org/10.1016/j.jebo.2018.04.021)

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