Ethical Discrepancy:

Changing Our Attitudes to Resolve Moral Dissonance

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Abstract

Routine and persistent acts of dishonesty prevail in everyday life, yet most people resist shining a critical moral light on their own behavior, thereby maintaining and oftentimes inflating images of themselves as moral individuals. We overview the psychology that accounts for behaviors inconsistent with ethical beliefs, and describe how people reconcile their immoral actions with their ethical goals through the process of moral disengagement. We then examine how the mind selectively forgets information that might threaten this moral self-image. We close with an attempt to identify strategies to close the gap between the unethical people we are and the ethical people that we strive to be.

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People have ample opportunity to either behave immorally or unethically during the course of their daily lives. They may decide not to contribute to a donation box for their coffee, lie to a colleague regarding the quality of a report he wrote, over-claim credit for a successfully completed project, over-charge their clients for the work they have done, or bring home some office supplies at the end of the day. While this may sound like an unrealistic day, research suggests otherwise. Several studies have found that people lie and cheat on a daily basis and much more often than they dare to admit (DePaulo et al., 1996; Fischbacher & Heusi, 2008; Gino, Ayal & Ariely, 2009; Gino, Norton, & Ariely, 2010; Mazar, Amir & Ariely, 2008; Schweitzer, Ordonez & Douma, 2004). For example, one study found that when newspapers are sold out of a box with on-your-honor payment into a cash box, people pay on average one third of the stated price (Pruckner & Sausgruber, 2006). In another study, where payment was based entirely on self-reports of performance and where individual cheating could not be identified, participants inflated their self-reported performance by 10% on average (Mazar, Amir, & Ariely, 2008). Taken together, these studies suggest that when given the opportunity to act dishonestly, a surprisingly large number of individuals do cross ethical boundaries (Ayal & Gino, 2011).

In contrast to this bleak state of ethics, the vast majority of us hold very positive images of ourselves as good and moral individuals (Aquino & Reed, 2002) who resist shining a critical moral light on our own behavior. Most of us care that we are considered to be ethical individuals by others, and see ourselves as more ethical than others (Tenbrunsel, 1998; Zhong & Liljenquist,

2008). How then, do we explain these views given the routine and persistent acts of dishonesty that prevail in everyday life?

One set of explanations comes from an emerging literature on "bounded ethicality," which argues that humans are constrained in systematic ways that favor self-serving perceptions, which in turn can result in behaviors that contradict our own ethical standards (Banaji, Bazerman & Chugh, 2003). Banaji and Bhaskar (2000) described bounded ethicality as a manifestation of Simon's bounded rationality in the domain of ethics. This research describes the systematic and predictable psychological processes that lead people to engage in ethically questionable behaviors that are inconsistent with their own preferred ethics (Banaji & Bhaskar, 2000; Banaji et al., 2003; Chugh, Bazerman, & Banaji, 2005; Bazerman and Tenbrunsel, 2011). As a result, we engage in behaviors that we would actually condemn if we were more aware of our behavior. Examples of bounded ethicality include unintentionally over-claiming personal credit for group work, implicitly discriminating against out-group members while favoring in-group members, over-discounting the future when others will pay the consequences, and falling prey to the influence of conflicts of interest.

While the bounded ethicality perspective emphasizes how unethical behavior results from our lack of awareness, another perspective emerges from volumes of literature on the surprising magnitude to which many of us will explicitly cheat with full awareness (Ayal & Gino, 2011; Gino et al., 2009; Gino et al., 2010). Our recent research, which we discuss in detail later in the paper, examines how we explicitly violate ethical standards while maintaining a positive view of our own ethicality. Thus, we address the psychology that accounts for both bounded ethicality and explicit unethical actions, both of which lead to behavior inconsistent with beliefs.

We begin the chapter by discussing the well-documented tendency to overweigh the importance of the individual and to underweight the importance of the situation. We then discuss asymmetries in how people judge their own moral and immoral actions versus those of others, as well as the discrepancies in evaluating the same good and bad deeds depending on whether they have already occurred or are about to happen. Next, we address the question of how people tend to reconcile their immoral actions with their ethical goals—through the process of "moral disengagement" (Bandura, 1986, 1990, 1991, 1999; Shu, Gino, & Bazerman, 2011). Then, we examine how our mind selectively "forgets" information that might threaten our moral self-image. We close with an attempt to identify strategies to close the gap between the unethical people we are and the ethical people that we strive to be.

The Power of the Situation

Several theories in moral psychology (e.g., Kohlberg, 1981; Rest, 1986) as well as in economics (e.g., Frank, 1987) discuss morality as a relatively stable character attribute—an individual is endowed with the trait or not, or is settled in a particular stage of moral development. These trait-based views of morality predict moral behavior to be relatively consistent across time and situation. Because morality is a character trait that someone possesses (or does not possess), the trait-based view implies that individuals can be diagnosed and categorized in their morality, which is then conceptualized as static and predictable. For example, Kohlberg's moral development model (see Kohlberg, 1981) argues that moral behavior is determined by the stage of a person's moral reasoning. In particular, the model suggests that people at more developed stages make moral decisions superior to those at earlier stages (Gibbs, Basinger, & Fuller, 1992; Rest & Navarez, 1994). Importantly, Kohlberg (1981) argued that "the nature of our sequence is not significantly affected by widely varying social, cultural, or religious

conditions. The only thing that is affected is the rate at which individuals progress through this sequence" (p. 25).

Extending Kohlberg's model, Rest (1986) identifies four discrete steps involved in ethical decision making: awareness, judgment, intention, and behavior. Rest argues that people may go through these stages in different orders with different levels of success. Effectively completing one stage does not imply the success of subsequent stages. Thus, an individual may possess moral judgment but fail to establish moral intent, and ultimately fail to behave ethically.

More recently, research in social psychology has proposed a different approach to the moral self (see, e.g., Monin & Jordan, 2009; Zhong, Liljenquist, & Cain, 2009). In contrast to the static trait-based treatment of morality, the social psychology perspective emphasizes the power of the situation in helping or hindering moral judgment and behavior. This perspective acknowledges there are individual differences in moral development, but emphasizes the factors outside of the individual—factors in the environment—to be powerful predictors of ethical behavior. Several well-known experiments are commonly discussed in support of this account emphasizing the power of situational influences. For instance, in the famous Milgram experiments, an experimental assistant (an accomplice) asked each study participant to play the role of a teacher and administer 'electric shocks' to another participant "the learner" (who was really a confederate or experimental assistant) each time the learner made a mistake on a word-learning exercise. After each mistake, the participant was asked to administer a shock of higher voltage which began to result in increasingly 'apparent' and audible distress from the learner. Over sixty percent of the study participants shocked their participants-accomplice through to the highest voltage which was marked clearly with potential danger (Milgram, 1974). These results suggest that it is not individual character that causes one to inflict great pain on an innocent

person, but rather the situation in which an authority demands obedience. Similarly, in another

famous study, the Stanford Prison Experiment (see Zimbardo, 1969), Stanford undergraduates

were randomly assigned to be either guards or prisoners in a mock prison setting for a two-week

experiment. After less than a week, the experiment was abruptly stopped because the guards

were engaging in sadism and brutality and the prisoners were suffering from depression and

extreme stress. Normal Stanford students had been transformed by the mere situational

conditions created for the experiment—with minimal instructions from the experimenter. These

classic studies demonstrate the extent to which the situation affects our moral behavior. More

recently, studies in the social psychology and organizational behavior literatures have identified

other situational factors influencing individual dishonesty and ethical conduct such as job

context, incentive structures, and organizational culture (Ferrell, Gresham, & Fraedrich, 1989;

Treviño, 1986), or surprisingly subtle influences such as ambient lighting (Zhong, Bohns, &

Gino, 2010), use of fake products (Gino, Norton, & Ariely, 2010), and environmental wealth

(Gino & Pierce, 2009).

With this abundance of evidence on the power of situation, Monin and Jordan (2009)

suggest that our own conception of the moral self is not stable and trait-based: rather, it is

dynamic and influenced by situational factors that fluctuate from moment to moment. As a

consequence, the inputs to ethical decision making are not merely the character traits within the

individual—but also the tug of factors arising from the context of the decision.

In this chapter we build on work from the social psychology perspective and present

evidence from our own research as well as that of others suggesting morality is *situational*,

dynamic and *constantly redefined*. Through the situational lens backed by recent empirical

evidence, we examine how people tend to change how ethical they are and how honestly they

behave over time by redefining what being ethical means.

<div align="center">The Influence of Unethical Others</div>

While moral beliefs may appear to be personal and unchanging, the environment exerts a

surprising amount of influence. Specifically, in an organization and in any other social context,

individuals have the opportunity to observe the consequences of the decisions and actions of

others. Those observed behaviors in turn yield significant influence over our own personal

morality.

Gino, Ayal, and Ariely (2009) disentangle three ways in which the unethical behavior of

another influences our own behavior. First, when observing another person's dishonesty, one

may update one's internal estimate of the consequences of the dishonest behavior by reducing

the expected likelihood of getting caught, in accordance with rational crime theory as proposed

by economists (Allingham & Sandmo 1972; Becker 1968). Observing another's unethical

behavior changes the cost-benefit analysis of the behavior: while the gain may be fixed, the

behavior seems less costly if someone else got away with it (see Hill & Kochendorfer, 1969;

Leming, 1980).

But, as Gino et al.'s experiments (2009) suggest, we can also make the opposite

prediction about the influence of another's dishonesty: observing another's behavior makes

morality more salient, and increasing the personal relevance of ethics will predict more moral

behavior. Mazar, Amir, and Ariely (2008) found that drawing people's attention to moral

standards reduces dishonest behaviors. Participants who were given a moral reminder (the Ten

Commandments) before exposure to an opportunity to cheat for financial gain cheated

substantially less than those who were not given such a reminder. When ethics are made salient,

people attend to their personal standards of ethics and become more morally stringent. Because moral relevance varies with situational cues, if we observe another's bad behavior, we may pay more attention to our own behavior, and increase our engagement with ethical standards.

A third way the behavior of another affects our own morality is through affecting our understanding of the underlying social norms (Cialdini & Trost, 1998). The same behavior in different environments can imply different sets of norms according to norm-focus theory (Cialdini et al., 1990; Reno, Cialdini & Kallgren, 1993). Cialdini et al. (1990) demonstrated that participants who watched someone else litter subsequently reduced their littering behavior when the environment was clean, but the reverse occurred when the environment was dirty: the observer subsequently littered more. Hence the interaction of another's behavior with the context in which it is observed adds another nuance to the story of where morality comes from.

Social identity theory makes a distinction in how we learn about social norms (Tajfel, 1982; Tajfel & Turner, 1979, 1986): we are more motivated to model our behavior after that of an in-group member rather than that of an out-group member. In support of social identity theory, Gino, Ayal, and Ariely (2009) found that when people observe an in-group member behaving dishonestly, they are more likely to engage in dishonesty, but the effect disappears when observing an out-group member. The spread of unethical behavior across individuals is like a billiard ball model in which the force of another rogue ball can negatively derail our own ethical direction—but only if the other wears the same stripe or solid that we do (i.e., the other is a member of our in-group).

How can individuals be so weak-spined that they simply follow an in-group member's unethical behavior instead of challenging it? One possibility is that individuals in group contexts may not even necessarily recognize the behavior to be unethical. Gino and Bazerman (2009)

describe blindness to unethical behavior in an organization as perpetrated by the "boiling frog syndrome" (Senge, 1994). As folk legend goes, a live frog tossed into a pot of hot water will jump out before it cooks. To successfully boil a frog, one must let it sit in a pot of tepid water, place it over heat, and let the temperature rise one degree at a time. The frog will fall asleep bathing in comfortably warm water, and will stay asleep as the water begins to boil, never having the chance to exert the strength to escape its environment. Similarly, a gradual deterioration in ethics—when the steps are so incremental so that they are undetectable—can lead individuals and their organizations down a precipitous path toward ever more deviant behavior.

Asymmetries in Ethical Judgments

Research has established multiple divergences in how people think about their own ethicality versus that of others. Messick, Bloom, Boldizar, and Samuelson posit that "we believe that we are fairer than others because we think that we do fair things more often and unfair things less often than others" (1985, p. 497). Related work has found that these beliefs extend to other contexts: we commonly think that we are more honest and trustworthy (Baumhart, 1968; Messick & Bazerman, 1996) and do more good deeds than others (Alicke, 1985; Baumeister & Newman, 1994).

We are predictably more critical of others' ethics than of our own ethics, and are more suspicious of others' motives behind good deeds (Epley & Caruso, 2004; Epley & Dunning, 2000). We assume others are more self-interested and more motivated by money for the same behaviors we engage in (Miller & Ratner, 1998; Ratner & Miller, 2001). We also more easily recognize others' conflicts of interests than we can recognize our own; because we view ourselves as moral, competent, and deserving, this view obstructs our ability to see and recognize conflicts of interests when they occur in our own behavior (Chugh, Banaji, & Bazerman, 2005).

The self-serving notions described above create an asymmetry in our conceptions of personal morality: we are predisposed to favor ourselves over others as champions of ethical behavior. Yet not all asymmetries in ethical judgment are intentionally self-serving. Chugh et al. (2005) argue that computational limitations in addition to motivation towards self-worth are involved in ethical decision-making. Computational limitations include bounded awareness and depleted cognitive capacity—both of which are not driven by self-serving motivations.

Caruso, Gilbert, and Wilson (2008) identified one such computation limitation by demonstrating that when it comes to unethical actions, it is indeed better to seek forgiveness than permission. Their studies show that we judge the same behaviors as less permissible, more unethical, and more deserving of harsher punishment if it is going to happen in the future than if it happened in the past. The authors argue this "wrinkle in time" in ethicality judgments fits as part of the broader phenomenon wherein the future is more evocative than the past: the future feels psychologically closer that an equally distant past because we are always moving closer to the future and farther from the past. Thus an event in the future is more able to elicit stronger affective responses compared to an equivalent event in the past.

Kahneman and Tversky (1979) established that people weigh losses more heavily than they do equivalent gains. Kern and Chugh (2009) showed that the asymmetry in how gains and losses are viewed also impacts ethical judgment: people judge the same behavior differently when facing a potential loss than when facing a potential gain, even when the two situations are identical. People are viewed as are more unethical if a decision is presented in a loss frame than if the decision is presented in a gain frame. This asymmetry is exacerbated when participants are put under time pressure, and can be eliminated when participants are instructed to "take their

time." This provides yet another demonstration of how the demanding and intensive executive

work life creates the conditions most ripe for lapses in ethical judgment (Chugh, 2004).

<div align="center">Moral Disengagement</div>

Cognitive dissonance exists when there is a discrepancy between one's actual behavior

and one's values or attitudes (Festinger & Carlsmith, 1959). Given that people care to perceive

themselves as moral, decent, and ethical (Aquino & Reed, 2002), dishonest behavior should lead

to self-censure (Bandura, 1990; Bandura et al., 1996). If people aim to minimize the gap

separating their moral standards from their real actions, they will generally refrain from behaving

in ways that violate their standards. But when actions and goals become unaligned, individuals

feel the distress of cognitive dissonance—a form of psychological tension that arises when

beliefs and behavior are at odds (Festinger, 1957). Elliot and Devine (1994) describe dissonance

as a form of psychological discomfort; when behavior typically labeled as negative is attributed

to one's own choice rather than another's force, there is dissonance motivation, or discomfort

that can be reduced by attitude change (Fazio & Cooper, 1983). In moral domains, people

attenuate this distress either by modifying their behavior to bring it closer to their goals or by

modifying their beliefs (Baumeister & Heatherton, 1996). These changes in beliefs can be

alarmingly durable over time. Senemeaud and Somat (2009) showed that attitude change from a

counter-attitudinal essay-writing task persisted as long as one month after participants wrote their

essays.

Bandura and others explain how individuals reduce cognitive dissonance in cases of

dishonest behavior (Bandura, 1990; Bandura, Barbaranelli, Caprara, & Pastorelli, 1996; Detert,

Treviño, & Sweitzer, 2008). People whose actions are at odds with their moral standards will

modify their beliefs about their bad actions through moral disengagement in order to alleviate

cognitive dissonance. Moral disengagement repackages detrimental conduct in a way that is personally acceptable by relabeling the questionable behavior as morally permissible (Bandura et al., 1996). This may take any of the following forms: by portraying unethical behavior as serving a moral purpose, by attributing behavior to external cues, by distorting the consequences of behavior, or by dehumanizing victims of unethical behavior. Together, these ways to morally disengage explain how individuals recode their actions by shifting the boundary between ethical and unethical behaviors.

Even children possess the capacity to morally disengage from an early age. Mills studied how temptation changes children's attitudes toward punishment of dishonesty (Mills, 1958). Specifically, Mills varied the level of temptation to cheat on a competitive task for grade school children, and then measured the attitudes of these children towards cheating. His participants faced either high temptation (high rewards and low probability of being caught) or low temptation (low rewards and high probability of being caught). As expected, high temptation led to increased cheating, and the children who succumbed to temptation expressed increasingly lenient attitudes towards cheating, while those who resisted temptation became stricter towards cheating.

Paharia and Deshpande (2009) investigated situations in which consumers intend to purchase products that may have been produced through the use of unethical manufacturing practices (e.g., use of child labor). After declaring their intention to purchase such products, consumers will morally disengage to justify the decision to buy something that may have employed unethical manufacturing practices. They hold more lenient views towards questionable labor practices after they find out a product they would like to purchase might have been produced via unethical manufacturing.

In related research, Shu, Gino, and Bazerman (2011) found that when the opportunity to cheat for financial gain is present, individuals who cheated will morally disengage to repackage cheating behavior as permissible. In four studies, people justified their cheating through moral disengagement and exhibited motivated forgetting of moral rules that might otherwise limit their dishonesty, setting off on a slippery path towards ever more lax ethical standards. After succumbing to the temptation to cheat, people change their beliefs towards cheating and redefine unethical behaviors to be more permissible. Yet the studies also provide evidence that such a slide towards further ethical transgressions can be prevented by simple interventions such as increasing people's awareness of ethical standards. For instance, in one of Shu et al.'s (2011) studies (Study 3), half of the participants were given the opportunity to cheat by over-reporting performance on a problem-solving task they completed under time pressure, while the remaining half of the participants did not have such opportunity. The study also manipulated whether participants read an honor code at the beginning of the study versus not. The honor code was presented to participants as a separate task on comprehension and memory. After the problem-solving task, participants completed a questionnaire which included questions related to moral disengagement with items such as "Sometimes getting ahead of the curve is more important than adhering to rules" and "If others engage in cheating behavior, then the behavior is morally permissible". Shu et al. (2011) had two main predictions: 1) that providing the opportunity to cheat would lead to increased moral disengagement, as compared to a control condition wherein cheating is not possible, and 2) that reading an honor code prior to the problem-solving task would reduce moral disengagement. The results of this study supported both predictions.

Thus, making morality salient not only reduces cheating in these studies, it also keeps individuals' judgments scrupulous. Although dishonest behavior led to moral leniency and the

forgetting of moral codes, honest behavior led to moral stringency and diligent recollection of moral codes.

Motivated Forgetting

Individuals are curators of their own collections of memories; they act as "revisionist historians" when recalling the past (Ross, McFarland, Conway, & Zanna, 1983). People recall features selectively in ways that support their actions. They engage in "choice supportive memory distortion" for past choices by selectively over-attributing positive features to options chosen while simultaneously over-attributing negative features to options overlooked (Mather & Johnson, 2000; Mather, Shafir, & Johnson, 2000). This effect disappears for experimenter-assigned choices (Benney & Henkel, 2006; Mather, Shafir, & Johnson, 2003), yet re-emerges when experimenters lead participants to false beliefs about previous choices such that individuals continue to champion for the features of the option they thought they had chosen (Henkel & Mather, 2007).

Motivated memory errors are generally beneficial in reducing regret for options not taken and in sustaining general well-being. But such systematic memory errors represent problems in accuracy, accountability, and learning (Mather et al., 2000). They have a particularly toxic effect in the domain of ethical decision-making. Business executives are faced with increasingly complex rules—many of which were created explicitly to curtail questionable business practices that have emerged over the prior decade. If memory is selective, and if selection is arbitrated by motivation, then one convenient way to bolster one's self-image after behaving unethically is to revise one's memory. Individuals who only recall rules that favor their self image could perpetuate their ignorance of rules created explicitly to change their behavior.

Shu and Gino (2010) found that individuals show motivated forgetting of moral rules after deciding to behave unethically. Participants who were given opportunity to behave dishonestly in order to earn undeserved money by over-reporting their performance on a problem-solving task were exposed to moral rules (e.g., an honor code or the Ten Commandments) prior to the task. Those who cheated were more likely to forget moral rules after behaving dishonestly, despite financial incentives to recall the rules accurately—even though they were equally likely to remember morally irrelevant information—when compared to those who did not cheat. For instance, in one of their studies, participants were asked to engage in a series of tasks that, in their eyes, were unrelated. For the comprehension and memory task, participants read both an honor code and the Ten Commandments. The study also included a problem-solving task participants were asked to engage in under time pressure. The task was designed such that participants could lie about their performance and thus earn money they actually did not deserve. The study varied the order in which the two memory tasks (the one about the honor code and the one about the Ten Commandments) were presented to participants: participants completed one of the memory tasks before engaging in the problem-solving task where they had the opportunity to cheat, and the second one after the problem-solving task. The results of the study show that all participants remembered the same number of moral items in the task they completed before cheating, but differed in the number of moral items they remembered in the task they completed after the problem-solving task. Participants who cheated by over-reporting performance on the problem-solving task recalled fewer items of the moral code compared to participants who did not cheat, and also compared to participants in a control condition who did not have the opportunity to cheat on the problem-solving task. Thus, as the

results of Shu and Gino's (2010) studies show, people appear to conveniently forget moral rules as a complementary strategy to moral disengagement after acting dishonestly.

Creating More Ethical Behavior

Morality and memory are both malleable dimensions that reset to align with action. Given the goal to perceive oneself as moral and good, when a mismatch between action and goal occurs, people either change the action or change the goal. We close with an attempt to identify strategies that will help the moral self win this important match. If changes in beliefs and memory conspire to cover our trail of unethical deeds, what opportunities exist to position ourselves towards the ethical people that aspire to be? We offer three suggestions.

One answer to reducing unethicality is that simply drawing people's attention to moral standards drastically reduces dishonest behaviors (Mazar, Amir, & Ariely, 2008). Making morality salient decreased people's tendency to engage in dishonest acts and preserved the rigidity of their ethical judgments. Shu, Gino, and Bazerman (2011) demonstrated that making morality salient decreased moral disengagement by changing the likelihood of engaging in unethical behavior. In these studies, a simple signature following an honor code dramatically lowered cheating behavior—even in a highly tempting environment. Many personal and organizational decisions require self-regulation of ethical behavior—e.g., punching timecards, filing taxes, submitting unbiased consolidated balance sheets to auditors—and it is important not to underestimate the role of situational cues in encouraging ethical behavior. Even simple interventions such as initialing a statement of firm values could nudge individuals towards more ethical decision making.

Fiske and Taylor (1990) summarize evidence that while decision makers try to perceive and encode all information, certain aspects of incoming information systematically receive more

attention due to their saliency, vividness, and accessibility. The evidence presented in this chapter suggests that ethical decisions may be no different than other decisions in this respect, as they are positively influenced by the salience of ethical standards. Future research uncovering other manipulations that can raise such ethical salience and vividness could prove particularly important in improving the current understanding of how discrepancies between ideal and actual moral selves can be reduced.

A second set of strategies for improving ethics comes from the well documented literature on preference reversals between what people choose in separate versus joint decision making (Bazerman & Moore, 2009). This research documents that when people think about one option at a time ("between subjects" experience), they are more likely to base their judgments on emotions than when they compare two or more options simultaneously ("within subjects" experience). Moral dilemmas often invoke intuitive judgments of right and wrong which spring from immediate emotional responses to a given predicament. Emotions can sometimes lead to ethical failures that people later regret, failures that could be avoided by increased deliberation and analytical thought. Bazerman, Gino, Shu, and Tsay (2011) have documented multiple applications of joint evaluation as an effective tool that can help decision makers manage their emotional assessment of morality in favor of a more deliberate and analytical assessment of moral dilemmas.

For instance, Paharia, Kassam, Greene, and Bazerman (2009) explored the extent to which emotions influence judgments of price gouging. Paharia et al use a real-world case to motivate their research: in 2005, the news reported that a well-known pharmaceutical company, Merck, had sold the rights to two of its relatively unprofitable cancer drugs to a smaller and lesser-known company, Ovation Pharmaceuticals. After the purchase, Ovation raised the price of

the drug by 1,000%. However, Merck continued to manufacture the drugs. Probably due to Ovation's low public profile, this large increase in price for the drug did not trigger major outrage from the public. In examining this example, Paharia et al (2009) suggest that observers would have responded differently and significantly more negatively if Merck was the company raising the price of the drugs directly. To test this hypothesis, Paharia et al. (2009) designed a study that compared the difference between raising prices directly versus indirectly. All study participants read that "A major pharmaceutical company, X, had a cancer drug that was minimally profitable. The fixed costs were high and the market was limited. But, the patients who used the drug really needed it. The pharmaceutical was making the drug for $2.50/pill (all costs included), and was only selling it for $3/pill." Then, some participants evaluated the ethicality of action A below, while others evaluated the ethicality of action B:

A: The major pharmaceutical firm (X) raised the price of the drug from $3/pill to $9/pill.
B: The major pharmaceutical firm (X) sold the rights to a smaller pharmaceutical. In order to recoup costs, company Y increased the price of the drug to $15/pill.

The results of the study show that participants who read Action A judged the behavior of company X to be more unethical than those who read Action B, despite the smaller negative impact of Action A on patients. In addition, Paharia et al. (2009) asked a third group of participants to judge both possible actions simultaneously. In this case, preferences reversed. When participants could compare the two scenarios, their ratings were such that Action B was more unethical than Action A. These results indicate that a joint-evaluation format reduced the influence of intuitive emotional judgment in favor of the influence of more deliberate analytical judgment. Thus, another viable strategy to avoid potentially costly ethical failures may be as a simple as changing the response mode used in making ethical decisions.

Finally, Stanovich and West (2000) distinguish between System 1 and System 2 cognitive functioning. System 1 refers to our intuitive decision processes, which is typically fast, automatic, effortless, implicit, and emotional; while System 2 refers to reasoning that is slower, conscious, effortful, explicit, and logical. Moore and Loewenstein (2004) argue that our intuitive System 1 responses are more likely to be vulnerable to unethical temptations than our more reflective System 2 thoughts. This suggests that getting people to think more before acting, in more reflective and analytical ways, would be a useful way to nudge our actual selves closer towards the ethical selves we imagine.

These strategies all require that we cast our rose-tinted self-perceptions aside in favor of a truthful look at behavior—ethical vulnerabilities and all. Through understanding the differences between who we think we are, who we aspire to be, and how an outsider would perceive us, we can begin to uncover the biases that cloud our self-perceptions, and identify our everyday ethical shortcomings relative to our espoused moral standards. Bringing this ethical discrepancy into resolution will be the first pivotal step towards seeing a positive shift in ethical behavior.

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