Maintaining ethical culture in a political whirlwind

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I study:

1) **Business ethics** (especially how to use behavioral science to improve ethical culture)

2) **Political psychology** (especially the psychology of tribalism and political polarization)
Line 1: Business Ethics
Our mission is to make the world's best research available and accessible, for free, to anyone interested in improving the ethical culture and behavior of an organization.
Collaborators

Our collaborators are among the top experts in the world on the topics we cover and serve as prominent researchers who have generated much of the academic content featured on Ethical Systems. They are practitioners who have distinguished themselves as leaders in their professional fields, and who are experts in linking the academic research to the practice of business.

Dan Ariely
*Duke University, Fuqua School of Business*
Areas of Research: Cheating and Honesty

Dorothée Baumann-Pauly
*New York University, Stern School of Business*
Areas of Research: Human Rights

Max Bazerman
*Harvard Business School*
Areas of Research: Decision Making
Leadership

When we say “the buck stops here,” what do we mean? When it comes to ethics, it means that we look to leaders to “lead” on ethics, and take responsibility for the results. Philosophers have been discussing ethical leadership (what leaders should do) for quite some time (see Joanne Ciulla’s work, e.g., *The Ethics of Leadership*) but the topic is relatively new as an area of social scientific study.

Leaders who lead ethically are role models, communicating the importance of ethical standards, holding their employees accountable to those standards, and -- crucially -- designing environments in which others work and live. As described below, ethical leadership has been shown to cause a host of positive outcomes, and to reduce the risk of many negative outcomes. **Leadership may therefore be the most important lever in an ethical system designed to support ethical conduct.**
**AREAS OF RESEARCH**

- **Do ethical leaders have special characteristics?** Anyone can become an ethical leader, but researchers have found a few traits that are more commonly found in leaders who are rated by their followers as being ethical leaders. These traits include: 1) conscientiousness (Walumbwa & Schaubroeck (2009); Kalshoven, Den Hartog, and DeHoogh (2011)), which means being thorough, careful, or vigilant; 2) Moral identity (Mayer et al., 2012), which means how important it is for an individual to define himself as a good person with moral traits; and 3) Cognitive moral development, an individual difference that concerns how sophisticated one’s thinking is about ethical issues (Jordan et al., 2013).

- **How do people become ethical leaders?** We have some evidence that having had an ethical role model can contribute to being perceived by one's followers as an ethical leader (Brown & Trevino, 2013). But we need a lot more research on this question. For example, can ethical leaders be trained/developed?

- **Does ethical leadership matter?** It absolutely does - a lot. Followers who rate their leader as more ethical have more favorable job attitudes such as job satisfaction and commitment. They are also less likely to report intentions to leave the organization. This is because followers are attracted to ethical role models who care about them, treat them fairly, and set high ethical standards.

  Ethical leadership is also is associated with more helpful behavior from employees, perhaps because ethical leaders model helpful behavior (Mayer et al., 2009; Walumbwa & Schaubroeck, 2009). Ethical leadership also reduces deviant or unethical behavior in followers (Mayer et al., 2009; Mayer et al., 2012). Again, ethical leaders are role models, and followers learn how to behave by observing them (Moore, et al. 2014). When unethical acts do occur in the social environment, employees who have an ethical leader are more likely to report the wrongdoing to management because ethical leaders create a psychologically safe environment and are trusted to handle reports fairly and with care (Mayer et al., 2013).
IDEAS TO APPLY (Based on research covered below)

- **Make ethics a clear priority.** Being an ethical leader means going beyond being a good person. Ethical leaders make ethics a clear and consistent part of their agendas, set standards, model appropriate behavior, and hold everyone accountable.

- **Make ethical culture a part of every personnel-related function in your organization.** Leaders must work hard through hiring, training, and performance management systems to bring in the right employees and then help employees internalize the organization’s underlying values.

- **Encourage, measure, and reward ethical leadership at multiple levels.** Ethical leadership from the top is very important (because it creates an environment in which lower-level ethical leaders can flourish), but ethical leadership at the supervisory level has a huge impact on followers’ attitudes and behavior. Organizations may want to channel resources toward developing ethical leadership in their supervisory-level leaders.

CASE STUDIES

Failures

- Enron Jeff Skilling and Kenneth Lay (Watch online: “The Smartest Guys in the Room”) Notice how Jeff Skilling created an environment at Enron in which unethical behavior could flourish, based on his understanding of Darwinian evolution and the principle of “survival of the fittest.” Leaders are responsible for creating the environment in which their employees work; in this case, the environment readily enabled unethical behavior.

Successes

- James Burke was CEO of Johnson & Johnson in the early 1980s when the company’s McNeil Division was hit with a crisis: Tylenol in Chicago drugstores had been laced with cyanide and seven people died. Burke responded with a recall of 31 million bottles and set up a white-collar, 24-hour-a-day customer hotline. Burke and his company turned the crisis into an opportunity. Burke’s honesty was crucial to win back the trust of the American public.
TO LEARN MORE

Articles – Academic


Articles – Practitioner


Videos

- In a radio interview, Nick Epley talks about understanding the human mind, particularly the minds of others, which is no doubt vital in leading others:
Ethical Systems Design: 3 levels of analysis

1: Individuals
--**Nudges** to increase trust & coop
Ethical Systems Design: 3 levels of analysis

1: Individuals
--Nudges to increase trust & coop

2: Groups
--Norms, Ethical culture
Ethical Systems Design: 3 levels of analysis

3: National & International Ecosystem
--Laws, national cultures, investors

2: Groups
--Norms, Ethical culture

1: Individuals
--Nudges to increase trust & coop
The Righteous Mind

Why Good People are Divided by Politics and Religion

Jonathan Haidt

Line 2:
Moral and Political Psychology

THE
RIGHTEOUS
MIND

WHY GOOD
PEOPLE ARE DIVIDED
BY POLITICS AND
RELIGION

JONATHAN
HAIDT
Our Mission

To provide evidence-based support to groups working to promote inter-group civility and mutual understanding. We draw from the behavioral sciences—particularly social psychology—to create effective interventions and measurement tools, which will enable each group to tailor programs that best fit their own needs. We also aim to make research findings widely available to groups and individuals who want to promote civility.
The Partisan Divide on Political Values Grows Even Wider

*Sharp shifts among Democrats on aid to needy, race, immigration*

(Basket of 10 items asked since 1994, also includes: Govt, Environmental reg, homosexuality, and “peace through strength”)
Pew, 2017: Avg. diff On basket Of 10 attitude items
Pew, 2017: Avg. diff On basket Of 10 attitude items
The Convergence: August, 2017

Exclusive: Here's The Full 10-Page Anti-Diversity Screed Circulating Internally at Google [Updated]

Kate Conger
8/05/17 4:30pm

Googl
Why I Was Fired by Google
James Damore says his good-faith effort to discuss differences between men and women in tech couldn’t be tolerated in the company’s ‘ideological echo chamber’
--July: James Damore returns from diversity training, writes an internal memo about why he thinks Google’s approach is wrong. Title: “Google’s Ideological Echo Chamber”

--Reviews psych research on gender diffs; focuses on diffs of interest & personality, not ability

--Aug 5: Memo is leaked, leads to widespread outrage

--Aug 7: Fired for violating workplace code of conduct.

--Each political team takes the episode as evidence of its grievances against the other

--Increased focus within companies on underrepresented groups
Viewpoint Diversity in Tech: Reality or Myth?
Total Number of Responses

387

Sample of Self-Identified Employers

- ALPHABET (72%)
- AMAZON
- FACEBOOK
- INSTACART
- McAfee
- MICROSOFT
- PAYPAL
- SALESFORCE
- + Numerous Startups

Ideological Identification

- VERY LIBERAL: 11%
- LIBERAL: 18%
- MODERATE: 16%
- LIBERTARIAN: 24%
- CONSERVATIVE: 18%
- VERY CONSERVATIVE: 5%
Following the Google “Diversity Memo” and Google’s response, do you feel more or less comfortable sharing your ideological viewpoints with colleagues?
I feel my ideological views being at odds with my workplace norms affects my ability to do my best work. 

- **12%** (Very Liberal)
- **3%** (Liberal)
- **16%** (Moderate)
- **30%** (Libertarian)
- **34%** (Conservative)
- **47%** (Very Conservative)
Conservative respondent:

“Fortunately, the severe examples of this problem appear to be limited to the larger, public firms, unlike my own, as they employ greater numbers of very young, recent grads who are exhibiting this extreme political-correctness policing and desire to invoke policing forces against others.”
Millennial generation: 1982-2000?
Millennial generation: 1982-2000?
Millennial generation: 1982-1994

iGen: 1995-?

Big changes in the data on college students beginning around 2012, class that graduated in 2016
‘Bell Curve’ author attacked by protesters at Middlebury College
Growing up slowly; has less “life experience”

Figure 1.13. Percentage of 12th graders who have a driver’s license, have ever tried alcohol, who ever go out on dates, and who worked for pay at all during the school year. Monitoring the Future, 1976–2016.
Do you have a Psychological Disorder (Depression, etc.)? (% of students indicating "yes")

Data from Higher Education Research Institute
Claim: Increasingly, young people have learned to compete for status by emphasizing victimhood. React strongly to small things.

--women and men
--black and white
--left and right
Two Suits Catch Google in Middle of Gender Debate

Former engineer James Damore sues over discrimination, a week after women file suit

The former Google employee James Damore suggested in his memo that men were better suited than women for certain tech jobs. PHOTO: ANDREJ SOKOLOW/ZUMA PRESS
Trump Breaks a Taboo—and Pays the Price

The past week brought violent conflict over symbols and values held sacred—and an act of sacrilege.

JONATHAN MAIDT | AUG 21, 2017 | POLITICS
Merck CEO Quits Trump Council Over President's Charlottesville Response

Merck’s Kenneth Frazier resigned from the president's American Manufacturing Council
SPECIAL REPORT

SHOOTING AT MARJORY STONEMAN DOUGLAS HIGH IN PARKLAND
Delta Just Doubled Down on Its Decision to Cut Ties With the NRA
Georgia Passes Bill That Stings Delta Over N.R.A. Position

By RICHARD FAUSSET  MARCH 1, 2018

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In N.R.A. Fight, Delta Finds There Is No Neutral Ground  FEB. 27, 2018

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Our Newest Culture Warriors: Activist C.E.O.s

By AARON K. CHATTERJI  MARCH 2, 2018

The Moral Voice of Corporate America

The Rise of Woke Capital

Minh Uong/The New York Times

Ross Douthat  FEB. 28, 2018

By David Gelles  Aug. 19, 2017
Summing up:

--America has had rising political polarization and animosity since 1990s

--Trump election & behavior has intensified existing trends

--There is increasing pressures from customers and employees to take a stand

--More groups now claim victimhood, willing to sue

--Declining trust: Speak-up culture is now much harder

--Leaders of most institutions are in a more perilous position than they were 2 years ago
How to lead in polarized times?

3: National & International Ecosystem
   --Laws, national cultures, investors

2: Groups
   --Norms, Ethical culture

1: Individuals
   --Nudges to increase trust & coop
The role of the chief executive has never been more complex—or more consequential. Business leaders today are reshaping the internet, reimagining health care, upending transportation and more...
But being a chief executive is no longer just about running a company. It means taking political stands on everything from immigration to gun rights. It means weighing in on tariffs and taxes — all while balancing short-term profits with long-term goals, dealing with activist investors and attracting talented employees.
Psychological principles:

1) Emphasize common identities and shared fate, OFA-AFO. Shared sacrifice.
2) Emphasize shared threat: risk of being torn apart
3) Emphasize and model giving the benefit of the doubt
4) Listen, then acknowledge what matters most to each group
5) Encourage people to NOT bring whole self to work; leave politics outside.
Ethics and compliance in polarized times?

3: National & International Ecosystem
--Laws, national cultures, investors

2: Groups
--Norms, Ethical culture

1: Individuals
--Nudges to increase trust & coop
Specific ideas:

1) Avoid formal/bureaucratic solutions when possible: they encourage victimhood culture.

2) Consider an ombuds: social skills to work behind the scenes, keep information flowing

3) Measure and monitor ethical culture, esp. trust in management & peers; speakup-culture

4) Directly address politics as a type of diversity

5) Encourage people to NOT bring politics to work
Contact Ethical Systems

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Our mission is to make the world’s best research available and accessible, for free, to anyone interested in improving the ethical culture and behavior of an organization.