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# Behavioral Ethics

State of Vermont

8.10.23

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# Learning Objectives

At the end of this session, you will be able to:

- Recall how our behaviors may be altered by moral illusions
- Identify the concepts and differences of moral exhaustion versus moral equilibrium
- Identify how to build good moral habits
- Recognize the distinction between legal rights and ethical responsibility
- Describe how behavioral ethics considerations apply to real-world examples





# Ethics in the News





# GUESS WHO??

Top 10 bank in the US found to have engaged in deceptive practices that hurt hundreds of thousands of customers. The bank double-dipped by charging multiple overdraft fees for the same transaction, failed to properly issue rewards to credit card users, and signed up customers for card accounts without their consent.



# GUESS WHO??

The SEC fined a mining company \$55.9M to settle charges stemming from the company's allegedly false and misleading disclosures about the safety of one of its dams that killed 270 people. The SEC's complaint alleged that, for years, the dam did not meet internationally-recognized safety standards even as the Company's public sustainability reports assured investors that all of its dams were certified as stable.



# GUESS WHO??

Group of co-conspirators charged in a fraudulent investment scheme alleged to have defrauded 10,000+ investors out of > \$45 million by touting this fake metaverse project with its own crypto token that would one day be sold for trillions of dollars. The co-conspirators convinced investors it was a legitimate family of businesses working toward developing virtual reality products. Charges included conspiracy, mail fraud, wire fraud, false advertisement, and criminal monetary transactions.



# GUESS WHO??

According to the FBI, this ecommerce giant launched a “campaign of terror” against a married couple who ran a news website focused on topics and players in the ecommerce industry. The harassment went on for weeks and it was discovered during investigation that the directives came from top executives.





# GUESS WHO??

This software startup, offering a student financial aid assistance tool has been dubbed Theranos 2.0 due to the fraud charges brought against its CEO which are reminiscent of the fraud committed by Elizabeth Holmes. The similarities between the cases are striking, both including falsified data, large financial investors and an SEC investigation.



# GUESS WHO??

Before its collapse, this crypto currency company started in 2019 had a valuation of over \$32 Billion. Founded by a 26 year old and run by his twenty-something buddies who were also dating each other, this company attracted over \$1.8 Billion in funding from investment funds. While their users thought they were making a fortune in crypto, the founder and his buddies were dipping into their customer funds on a spending spree that included real estate investments, sports stadium naming rights and political donations.



# Let's Hear From You...

Which of these ethical headlines were you most familiar with?

- 1) Bank of America
- 2) Vale
- 3) CoinDeal
- 4) Ebay
- 5) Frank
- 6) FTX

\*Polling question for purposes of audience engagement only. Not required for CPE credit.\*

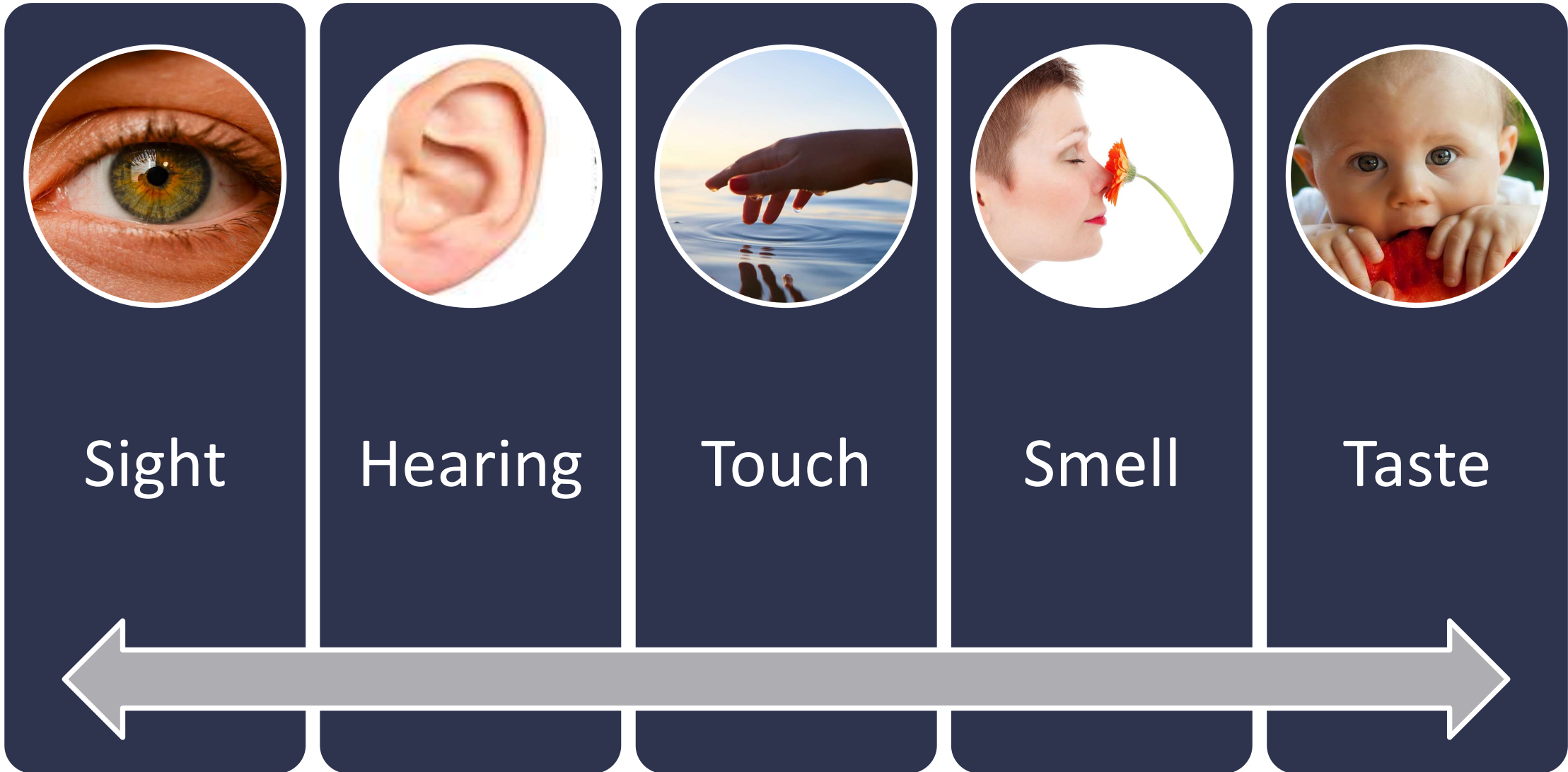




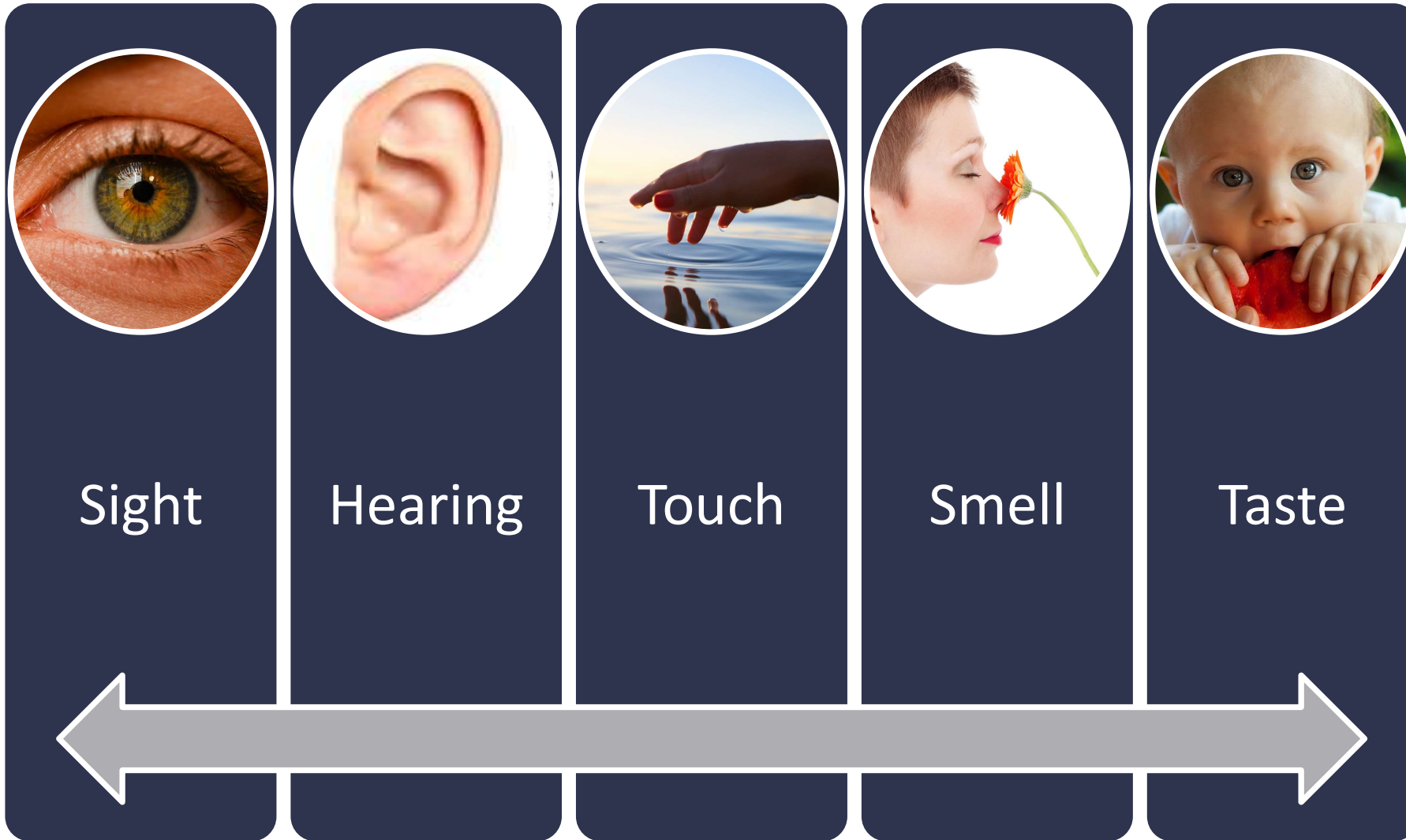
# Moral Illusions



# Moral Illusions – The Five Senses



# Moral Illusions – The ~~Five~~ Six Senses





# Moral Illusions



Natural  
human  
tendency...

This is  
what's best  
for me...

So it must  
be what is  
best



# Moral Illusions



**Self-Serving  
Bias**



# Moral Illusions

Do any of these rationalizations sound familiar?

Denial of  
Responsibility

Shift blame to  
someone else  
(my boss made  
me do it)

Denial of  
Injury

No one will get  
hurt

Denial of  
Victim

It's such a large  
company, no  
one will even  
notice

Social  
Weighting

The other party  
did something  
much worse  
than I did

Appeal to  
Higher  
Loyalties

Boss/co-  
workers/family  
are counting on  
me

Feeling of  
worth

I "deserve" this  
due to  
perceived  
mistreatment



# Let's Hear From You...

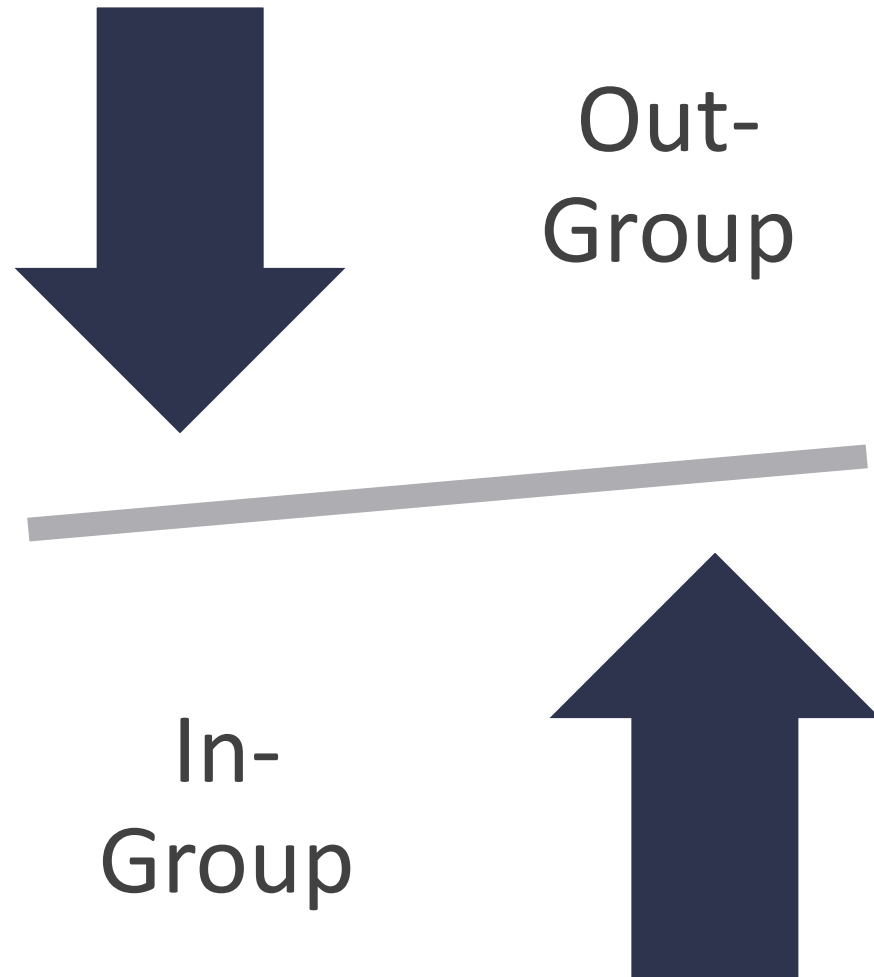
Which of these rationalizations have you observed most commonly?

- 1) Shifting Blame – “my boss told me to do it”
- 2) Denial of Injury – “no one will get hurt”
- 3) Denial of Victim – “no one will even notice”
- 4) Social Weighting – “this pales in comparison to what \_\_\_\_\_ did”
- 5) Appeal to Higher Loyalties – “but my \_\_\_\_\_ is counting on me”
- 6) Feeling of Worth – “I deserve this after everything I've poured into this company”

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# Moral Illusions



In-group – Group of people who identify with each other based on a variety of factors, including family, friends, teammates, gender, race, religion, geography, etc.





# Moral Illusions





# Moral Illusions

“...moral illusions are more than just errors. They are persistent and species-typical tendencies toward error, which can be especially hard to identify and correct because we are subject to them collectively. Our human species of moral vision is, moreover, the basic lens through which we either bring moral facts sharply into focus or distort them, and so we cannot simply rely on this vision to determine which we are doing.”

~Robin Kar, Professor of Law and Philosophy





# Are We Morally Exhausted?



# Let's Hear From You...

Are YOU morally exhausted?

- 1) Yes
- 2) No
- 3) I'm exhausted from everything

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# Why are we morally exhausted?

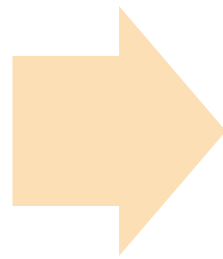
What toothpaste is best for the environment?  
What are the “cleanest” products? Which sports teams do I support?

Should I install low flow toilets?  
What companies are most labor friendly? Should I use solar panels? Who should I vote for?  
What charity to support?



# Moral Exhaustion = Moral Fatigue

When you find yourself saying – “ I don’t want to think about it”



Moral Exhaustion



# Moral Burnout



Exhaustion

Burnout





# Moral Burnout

Will moral  
burnout  
become the  
next workplace  
epidemic?



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# Overcoming Moral Exhaustion



Build moral  
fitness



Talk it out



Don't rush



Factor in rest days





# Building Good Moral Habits



# Building Good Moral Habits

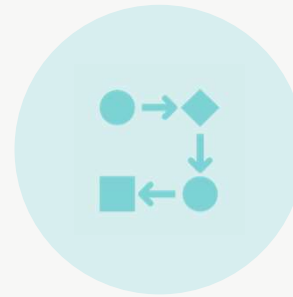
- “I want to be an ethical \_\_\_\_\_.”
- “I want to be an ethical person.”
- “I want to be an ethical employee.”
- “I want to be an ethical accountant/CPA/auditor.”
- “I want to be an ethical leader.”
- “I want to be an ethical parent.”
- “I want to be an ethical member of society.”



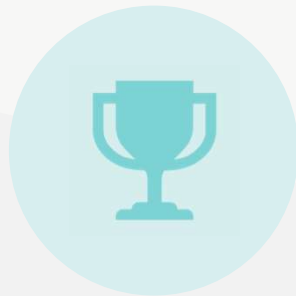
# Building Good Moral Habits



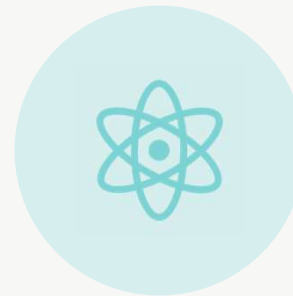
Being ethical is admirable and something we should all strive for, but perfection is not sustainable



Tendency is to want rapid success, but sometimes we fail to see that small habits and little choices are transforming us every day...for the good or the bad



The trick is not to strive for perfection, but rather to strive for continuous improvement and to get back on track when we veer off course



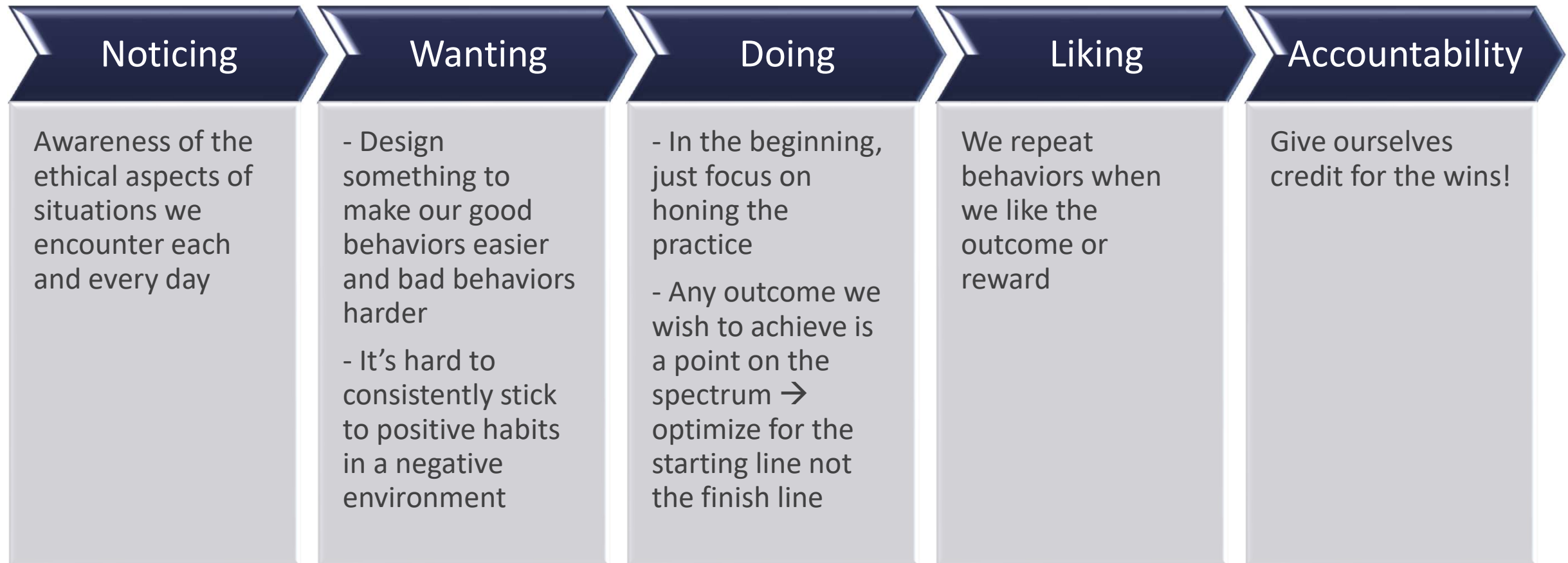
Build “Atomic Habits” to create an ethical lifestyle



[Source: “Atomic Habits: Tiny Changes, Remarkable Results” by James Clear](#)



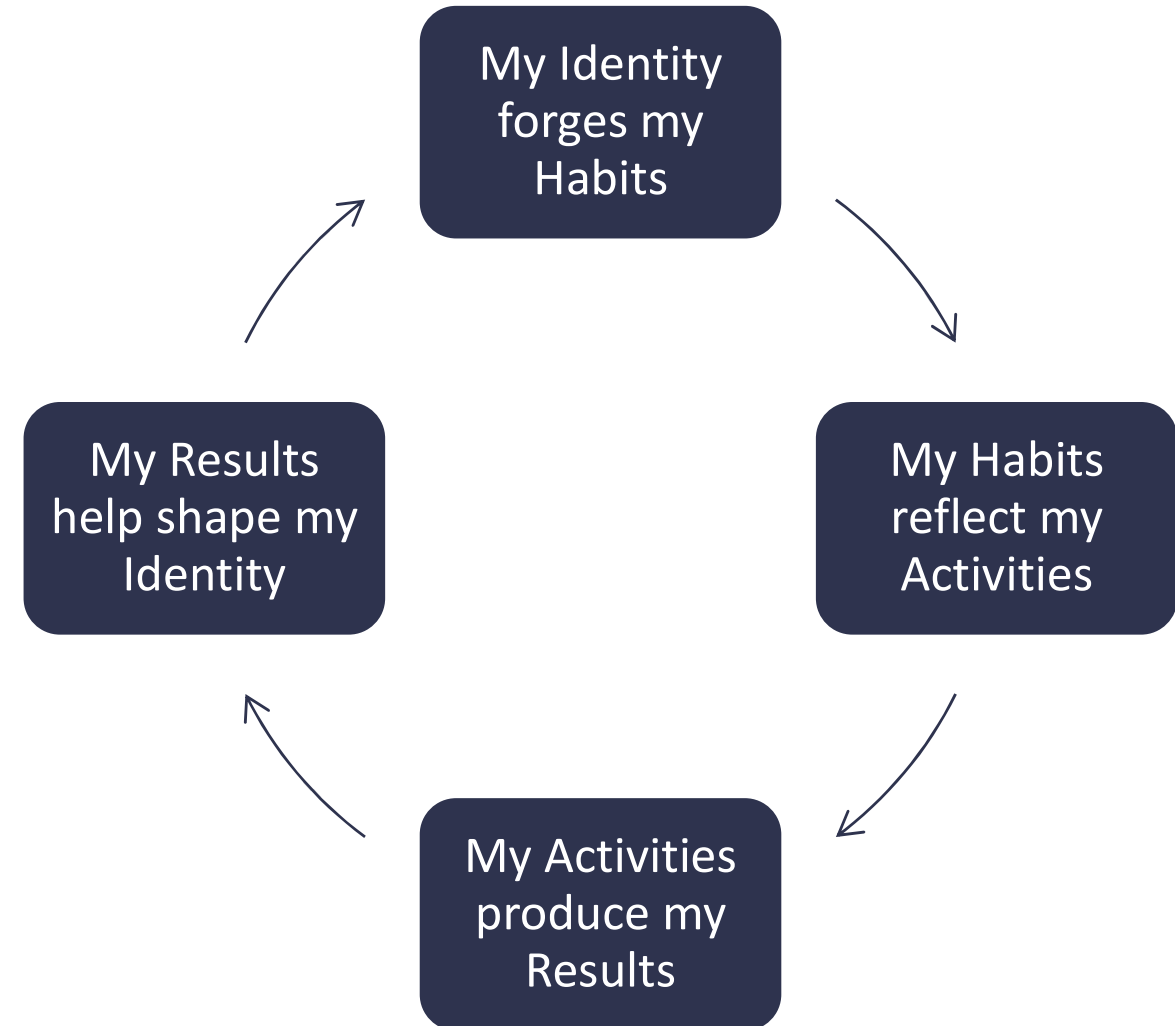
# Building Good Moral Habits





# Building Good Moral Habits

Strong, moral behaviors and ethical decision-making can happen habit by habit



# Building Good Moral Habits

## Systematic Moral Analysis

- Tool that helps us think through ethically complex situations before taking action
- Can also help us analyze the ethical dimensions of a complex situation after the fact



# Building Good Moral Habits



Conceptualization – who might be harmed and how?



Justification – consider whether breaking a moral rule prevents a greater harm from occurring, or whether the harm you're causing legitimately addresses a more significant harm that was already caused



Consider alternative courses of action that would minimize harm





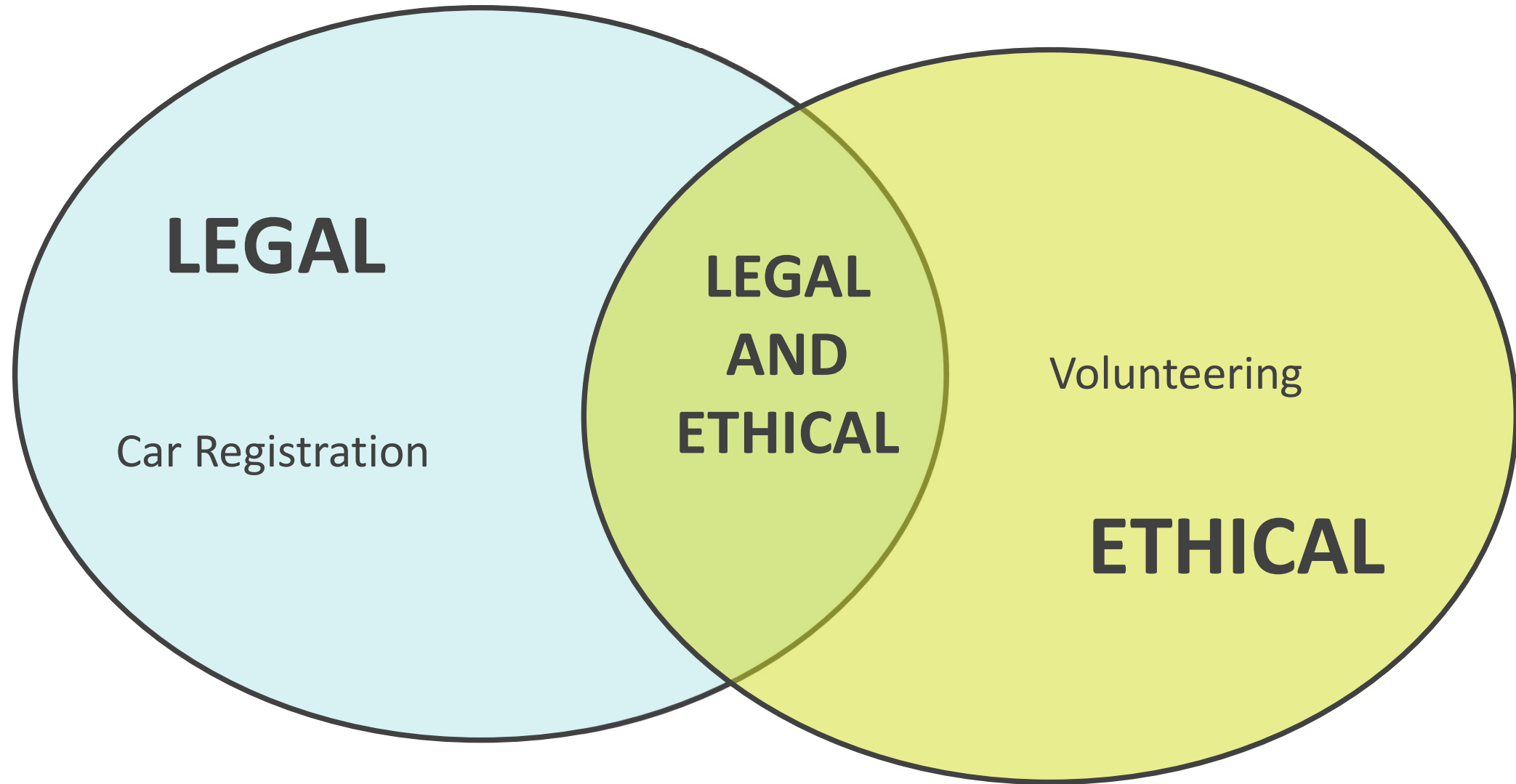
# Legal Rights versus Ethical Responsibilities



# When *ETHICS* and *LAW* conflict what do we do?



# Legal Rights versus Ethical Responsibility





Is there a conflict between Law and Ethics?		Ethical?	
		Yes	No
Legal?	Yes	No conflict	<i>Legal but unethical</i>
	No	<i>Ethical but illegal</i>	No conflict



# Conflicts of Law and Ethics

## Legal but unethical:

“Jim Crow” laws that required discrimination against black Americans

Laws in Nazi Germany that contributed to the Holocaust

Use of loopholes to avoid tax obligations

Smoking ad campaigns targeted to teens

Death penalty/abortion  
- legal in many states but many find unethical

State mandated sterilization laws



# Conflicts of Law and Ethics

## Ethical but illegal:

Stealing food to feed a hungry child

Running traffic light/speeding when someone's life depends on it

Leasing an apartment or car in your name for a homeless family member

Assisted suicide for terminally ill patients

Breaking a window to save a dog in a hot car

Peaceful protests, sits in and other forms of civil disobedience



# Let's Hear From You...

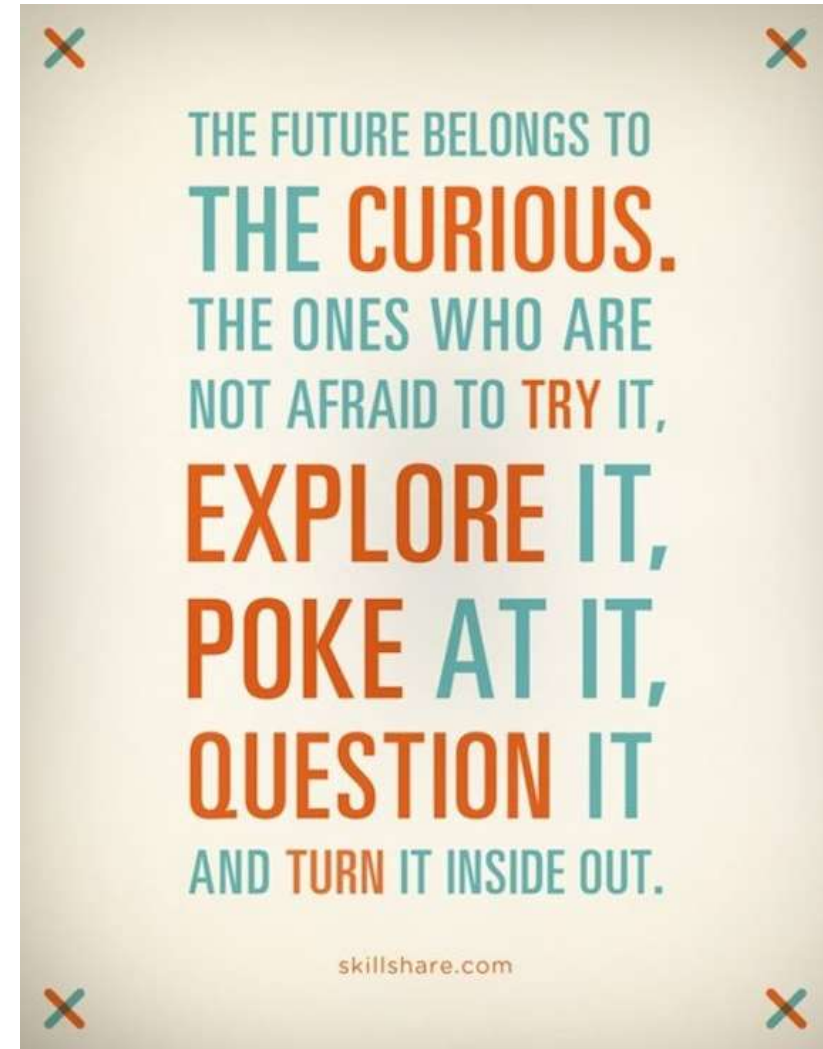


Send us a comment in the Q&A with other examples you can come up with of something that is in conflict between legal rights and ethical responsibilities

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Any Questions?



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*Thank you!!*

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