

# The Cutting Edge: Managing Personal Ethics Risks

Integrating Behavioral Ethics into Organizational Programs

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## Session Objectives

- Overview of opportunities to apply latest thinking in behavioral economics to ethics and compliance
- How to integrate behavioral ethics into organizational programs
- Rethinking Goals and Success Measures

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## Why do people still engage in misconduct?



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## What do we do about it?



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# What's missing?



## What if we could get to the “Why”?

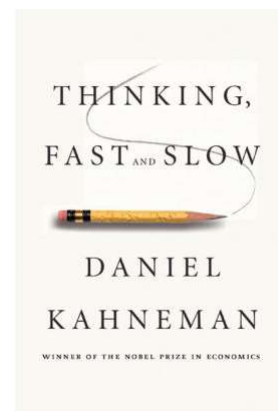
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## At the Core of Behavioral Economics and Ethics

Theory that individuals make strictly rational decisions is discredited.

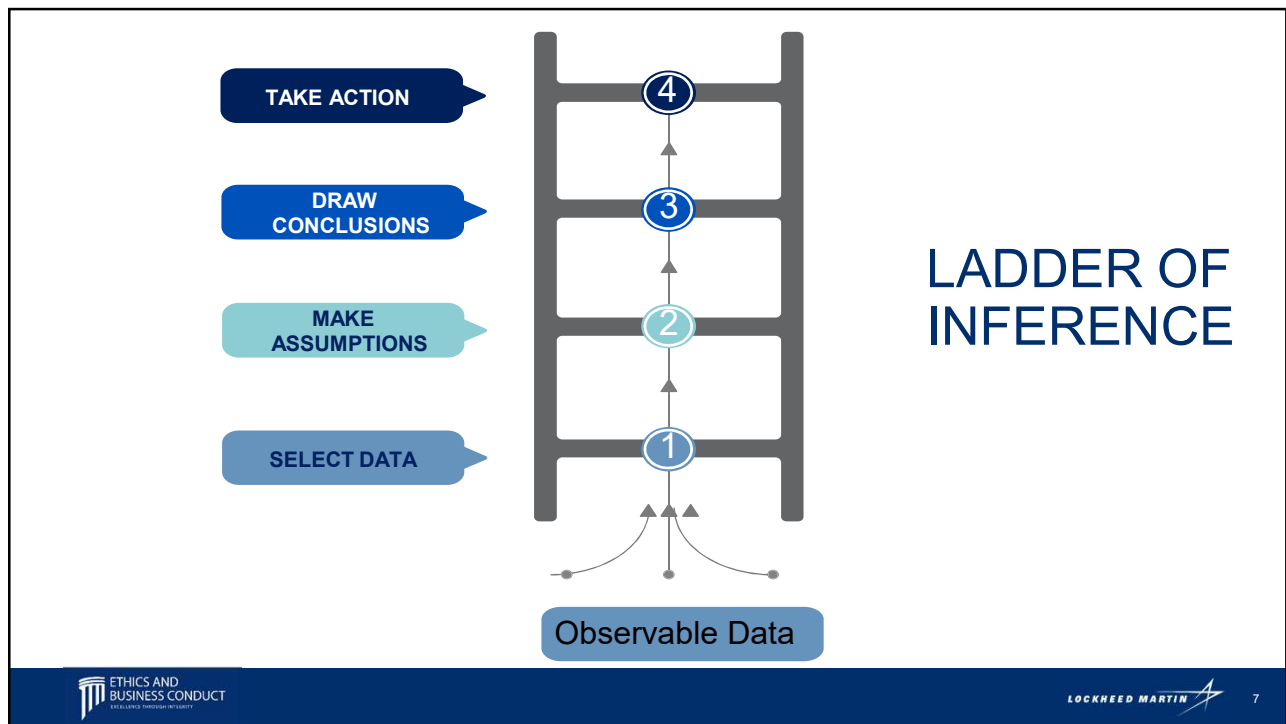
Instead, decisions are influenced by two types of thinking that operate continuously within us:

- **System 1 – Intuitive process: fast and automatic**
- **System 2 – Reasoning processes: serial and deliberate**



*The work of Daniel Kahneman,  
Nobel Prize discoverer of  
Behavioral Economics*

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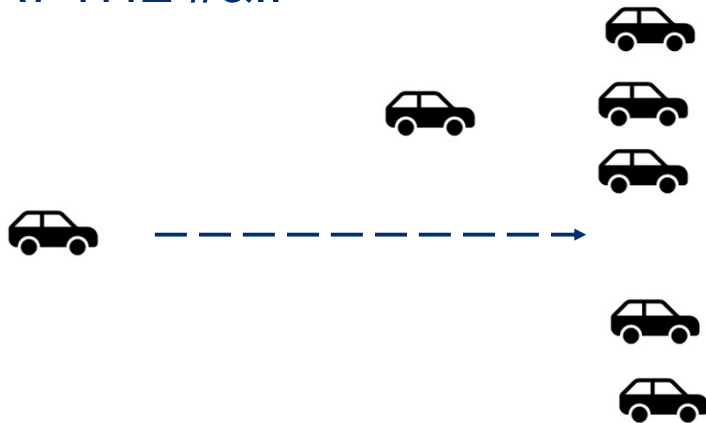
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FINALLY!



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WHAT THE #&!!

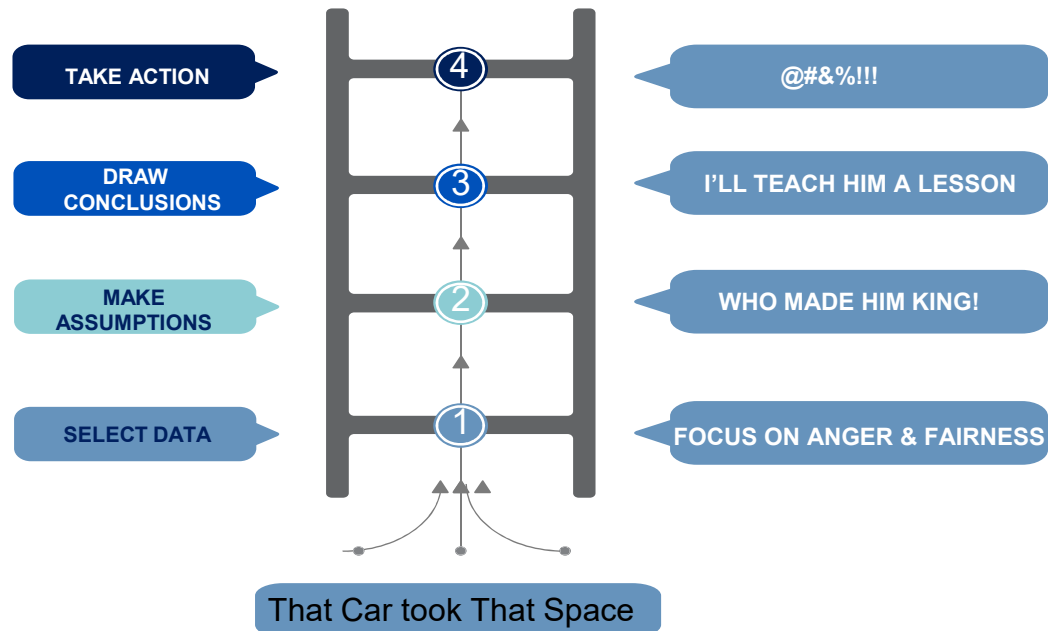


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# HE TOOK MY SPOT!!



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# MY WIFE'S IN LABOR!



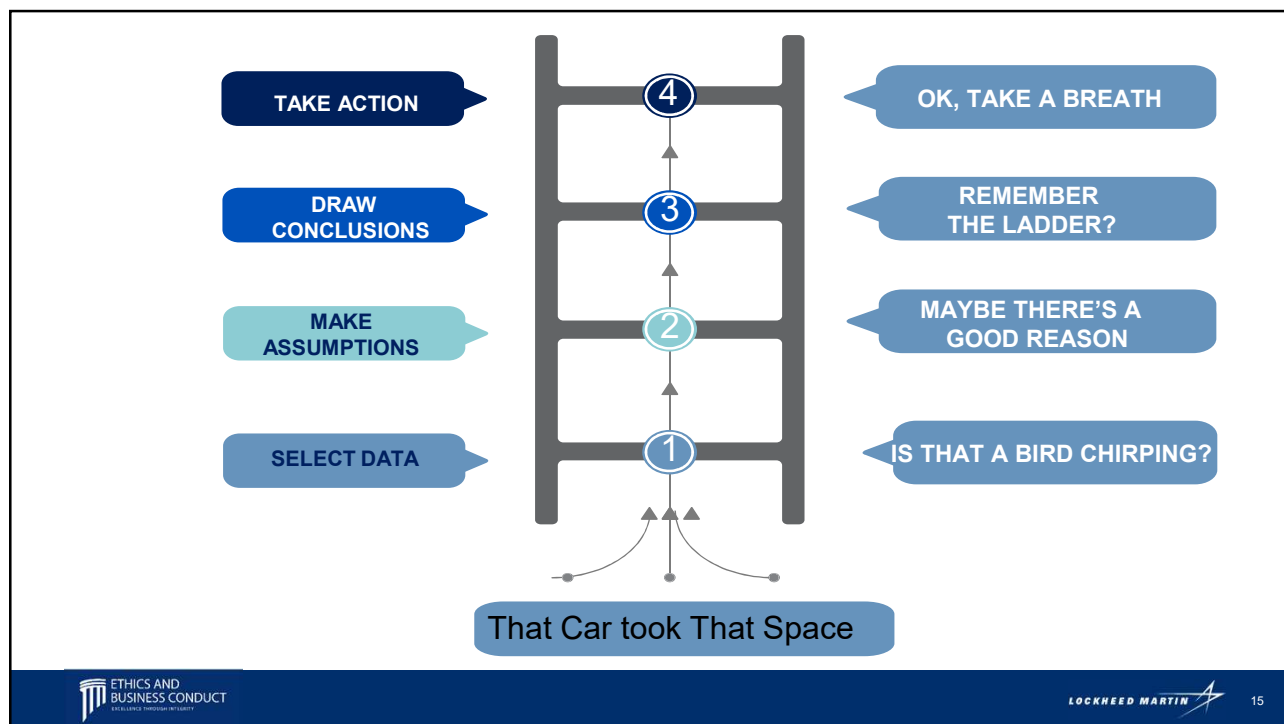
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# NOW HOW DO YOU FEEL?



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## Behavioral Ethics

Most of us behave ethically most of the time  
 At other times we are aware when we behave unethically  
**The most dangerous situation is when we unwittingly behave unethically**  
 - Max Bazerman

Traditional approaches to ethics lack understanding of the unintentional, yet predictable cognitive patterns that result in unethical behavior.

Behavioral Ethics focuses on the psychological processes that lead even good people to engage in ethically questionable behavior that contradicts their own preferred standards



**ETHICS AND BUSINESS CONDUCT**  
EXCELLENCE THROUGH INTEGRITY

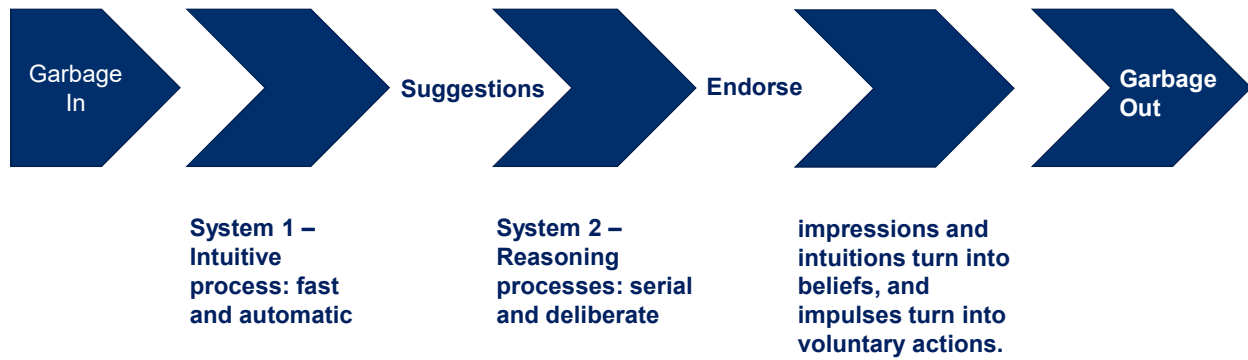
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## Systems 1 and 2



**But...**

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## Rationalizing Unethical Behavior



**System 1 –  
Intuitive  
process: fast  
and automatic**

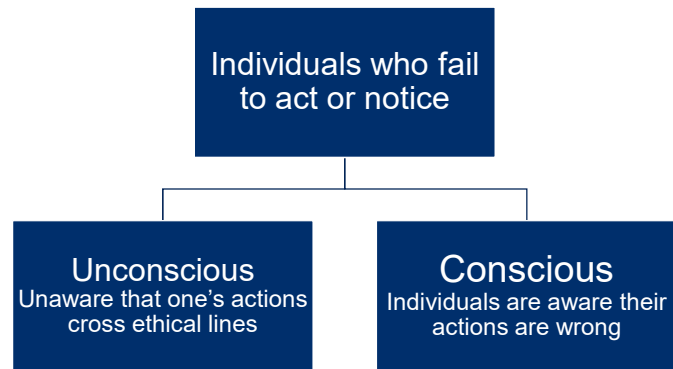


**System 2 –  
Reasoning  
processes: serial  
and deliberate**



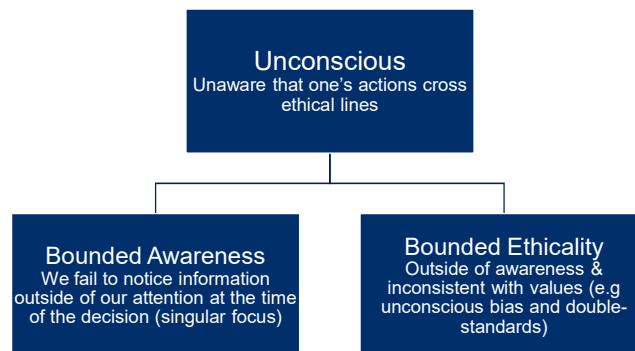
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## Behavioral Ethics Primer



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## The Road to Hell is Paved With Good Intentions



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## Bounded Ethicality



We all cheat...just a little

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**Conscious**  
Individuals are aware  
their actions are wrong

Rationalization

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## WHO'S REALLY HONEST ANYHOW?



### 240 205-3418 DAVID GEBLER

Other Charges and Credits	
Surcharges and Other Fees	
2. Administrative Fee	1.99
3. Federal Universal Service Charge	0.47
4. Recoupment of Montgomery County Charge	3.50
5. Regulatory Cost Recovery Charge	1.25
Total Surcharges and Other Fees	7.21

Government Fees and Taxes	
6. 9-1-1 Service Fee	0.75
7. 9-1-1 State Fee	0.25
8. MD State Sales Tax - Telecom	0.43
9. MD Universal Service Fee	0.05
Total Government Fees and Taxes	1.48

<b>Total Other Charges &amp; Credits</b>	<b>8.69</b>
<b>Total for 240 205-3418</b>	<b>18.69</b>

### 617 365-2740 AVISHAI GEBLER

**International Roaming - Expanded** - Includes international roaming outside the U.S. and international long distance from the U.S. at standard, pay-per-use international rates. See rates at [www.att.com/global](http://www.att.com/global).

Monthly Charges - Jan 16 thru Feb 15	
1. Access for iPhone 4G LTE w/ VVM	30.00
2. International Roaming - Expanded	0.00
<b>Total Monthly Charges</b>	<b>30.00</b>

Other Charges and Credits	
Surcharges and Other Fees	
3. Administrative Fee	1.99
4. Federal Universal Service Charge	2.54
5. Recoupment of Montgomery County Charge	3.50
6. Regulatory Cost Recovery Charge	1.25
Total Surcharges and Other Fees	9.28

visit us online at: [www.att.com](http://www.att.com)

### Other Charges and Credits - Continued

Government Fees and Taxes	
7. MD State Sales Tax - Telecom	2.39
<b>Total Other Charges &amp; Credits</b>	<b>11.63</b>
<b>Total for 617 365-2740</b>	<b>41.63</b>

### 617 413-3434 DAVID GEBLER

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**Mobile Insurance Premium** - Includes Coverage for loss, theft, accidental damage, liquid damage, and out-of-warranty malfunction.

Monthly Charges - Jan 16 thru Feb 15	
1. AT&T Unlimited Plus Enhanced Multi-Line	110.00
2. Discount for 4+ Phones	20.00CR
3. Discount for unlimited multi-line w/ AutoPay & Paperless Bill	20.00CR
4. Access for iPhone 4G LTE w/ VVM	30.00
5. International Roaming - Expanded	0.00
6. Mobile Insurance Premium	8.99
7. See News You Can Use	0.00
<b>Total Monthly Charges</b>	<b>108.99</b>

Other Charges and Credits	
Voice Usage Summary	
Call over Wi-Fi	83

Surcharges and Other Fees	
8. Administrative Fee	1.99
9. Federal Universal Service Charge	2.81
10. Recoupment of Montgomery County Charge	3.50
11. Regulatory Cost Recovery Charge	1.25
Total Surcharges and Other Fees	9.55

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## New Approaches

Influences

Changing  
Oneself



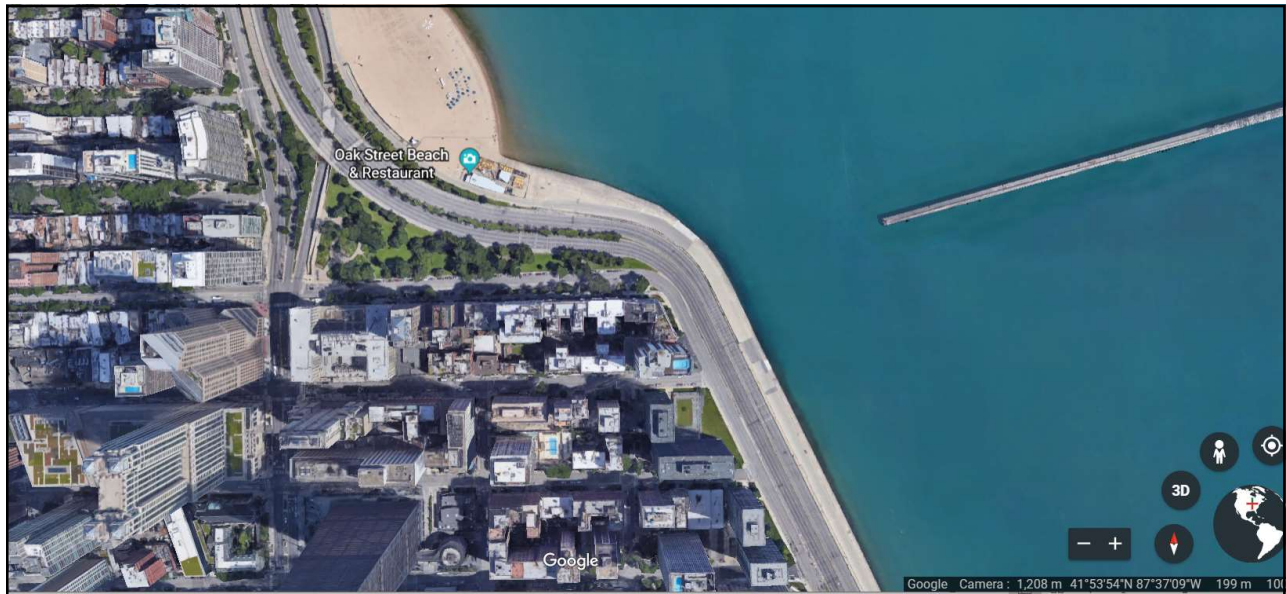
System 1

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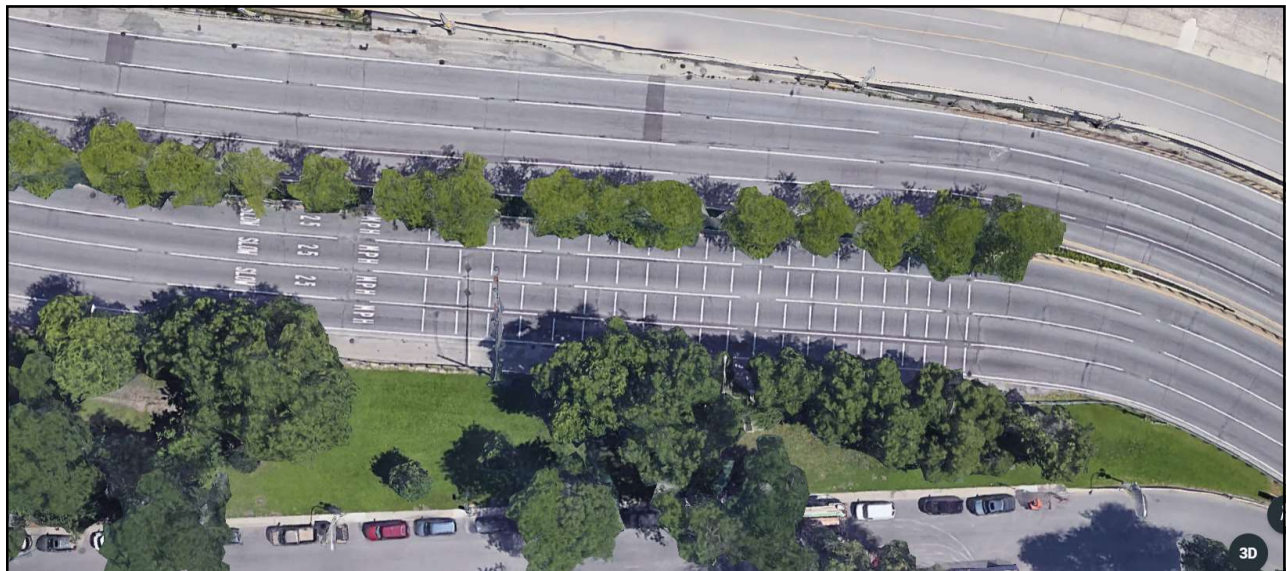
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Courtesy Google Earth

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Courtesy Google Earth

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## Move Individuals to System 2

**Ask Lots of Questions**  
**Allow for Reaction Time**



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## Goals and Success Metrics



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