

Why It's So Hard to Train Someone to Make an Ethical Decision

by Eugene Soltes

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One of the conundrums of ethical decision making is that many moral decisions that are quite straightforward – even easy – to resolve in a classroom or during training exercises seem far more difficult to successfully resolve when confronted during actual day-to-day decision making.

Take the decision of Sam Waksal, the former CEO of the emerging biotechnology company ImClone Systems. In late 2001 ImClone awaited approval from the Food and Drug Administration (FDA) of its much-heralded new cancer treatment, but unexpectedly the FDA decided to reject

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the company's application. After privately learning of the FDA's decision, Waksal called his daughter and told her to sell her ImClone shares before the news became public and the stock plummeted.

To any outside observer, Waksal's decision was incredibly shortsighted and unreflective. This was precisely the kind of insider trading that regulators routinely monitored, a fact that Waksal was not oblivious to. "I don't know what I was thinking," Waksal recalled as he struggled to understand how he could have made such a poor decision. "I wasn't, sadly."

By all accounts, Waksal is a highly intelligent and strategic-minded individual, but when he faced this moral decision in practice, he failed. However, few, if any, individuals presented with this scenario in a training exercise would ever make the same decision. Waskal himself, if presented with this dilemma when it was neatly isolated from others, would have been unlikely to repeat the decision. Why are moral decisions, such as the one that Waksal faced, sometimes easily resolved in the classroom but often harder to successfully resolve in practice?

There are three obstacles that make ethical decisions in the workplace different and more difficult than in training simulations.

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First, and most conspicuous, in exercises, the consequential decision is identified for participants. Instead of confronting the challenge of identifying which of the many hundreds of decisions made each day have ethical overtones, exercises hand the specific dilemma to participants. Such exercises vastly simplify one of the main challenges – identifying the ethical dilemma in the first place – by placing a single decision into focus.

To appreciate how significant simply identifying an ethical dilemma is, consider the choice of Rajat Gupta, the former managing director of McKinsey & Company, to call a billionaire hedge fund trader after a Goldman Sachs board

meeting. Gupta had spent decades successfully protecting client confidences and was widely applauded for his thoughtful and careful decision making. The breach of divulging confidential information from a board meeting to a trader ought to have been trivially easy to identify. Yet amid all the decisions he was making, he didn't seem to identify the ethical nature of the consequential decision that he faced that day. Had the salience of the ethical decision been clearer, the chance that he would have identified the potential to err would have been greater, thus possibly averting this compromised decision.

The second factor distinguishing training exercises from real-life decision making is that training inevitably exposes different points of views and judgments. Although many organizations outwardly express a desire for a diversity of opinions, in practice those differing viewpoints are often stifled by the desire to agree or appease others. Even at the most senior levels of the organization, independent directors struggle to dissent. For instance, Dennis Kozlowski, the former CEO of Tyco who grew the firm from obscurity into a global conglomerate but later faced criminal charges for embezzlement, recalled the challenge of board members genuinely disagreeing and pushing back on him as CEO when the firm was performing well. "When the CEO is in the room, directors – even independent directors – tend to want to try to please him," Kozlowski explained. "The board would give me anything I wanted. Anything."

Finally, unlike in training, when a single decision might be given an hour of careful analysis, most actual decisions are made quickly and rely on intuition rather than careful, reflective reasoning. This can be especially problematic for moral decisions, which often rely on routine and intuitions that produce mindless judgements that don't match up with how we'd desire to respond if we considered the decision with more time.

To see just how easily we fall into the state of mindlessness, the social psychologist Ellen Langer conducted a clever experiment in the 1970s. Langer and her colleagues sent a trivial, nonsensical memo around an office, formatting it in the usual manner, whose only content was a command to return it ("This memo is to be returned to Room 247"). Although the rational response would be to dispose of the ridiculous memo, 90% returned it.

When there's precious little time to deeply reflect on decisions, we rely on routines and the surrounding norms to dictate behavior. In the recent case of Wells Fargo, most employees didn't have the time or incentive to question the practice of cross-selling products without client approval; they relied on the surrounding culture that supported these corrupt practices.

Remaining efficient and productive overtook deeper reflection on the ethical implications of “selling” products to customers without their knowledge. Had employees had greater opportunities to reflect on their actions in a less constrained and pressured workplace, many might have felt considerably less comfortable with these practices.

The challenge for organizations is to cultivate environments where ethical decisions are easier, not more difficult. Creating training exercises that better simulate the actual environment, circumstances, and pressures where ethical decisions are made is the first step toward addressing these critical challenges. All high-performance athletes know they need to train in the same environment as the one in which they will compete. It ought to be no different for managers who must continually train and prepare for the big ethical decisions they will inevitably face.

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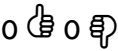
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Thomas Hosmanek 5 months ago

The article raises some interesting considerations, but overall I'd give it a B-. Re: the author's contention that people at Wells Fargo lacked time to make a correct decision, I'd say that's flat out wrong. The situations were repeated over and over, according to reports in the press, and I would submit that the workers doing these things

had time to reflect throughout the work day, and even in off-work hours, about what they were doing, so the author's contention is puzzling.

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