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### Ethical decision making: on balancing right and wrong

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## **Chapter Five**

### **General Discussion**

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While dishonesty is often profitable, we do not always lie. Even when we possess private information enabling us to dishonestly profit ourselves on the expense of others, we mostly restrict the extent to which we lie. As suggested in the introduction to this dissertation, when filing an insurance claim for our lost suitcase, we are the only ones to actually know what was in the suitcase and may thus lie about the content to benefit financially. When filing the claim we may feel that it would be legitimate to ‘upgrade’ our old digital camera and describe it as brand new, but illegitimate to add items to the claim that were not in the suitcase to begin with. Thus, we might bend the ethical rules in our favor to some extent, but avoid going too far in maximizing our self interest. We clearly draw an ethical line between doing right and doing wrong.

The current dissertation addressed several theoretical questions related to situations in which due to information advantage people may dishonestly benefit themselves on the expense of institutions at large or people they interact with. First, the work described in Chapter Two explored whether people incur a psychological cost from the mere act of lying. That is, whether a sufficient compensation is needed to make one lie, or alternatively whether people would dishonestly increase their profit also for negligible amounts. Second, Chapter Three tested whether people use private justifications in order to dishonestly gain money. Put differently, whether desirable information that is known only to oneself may make it more likely to use this specific piece of information when lying to increase profit. Finally, the studies in Chapter Four investigated how attractive situations in which the private information may be used to dishonestly benefit oneself on other’s expense are. I specifically tested whether people who are confronted with tempting negotiation situations, allowing them to deceive their potential counterparts in order to benefit themselves, would engage in interaction with these counterparts or alternatively avoid it altogether.

The empirical chapters in this dissertation provide answers to these questions and contribute to our understanding of ethical decision making in several respects. First, when considering to what extent they would lie, people seem to balance materialistic desires with the psychological cost exerted by the unethical act of lying and deceiving. Such ethical maneuvering leads people to lie when the profit generated by dishonesty exceeds the psychological cost it entails. Eliminating external factors such as the possibility of getting caught and punished, I found evidence for a psychological cost of lying influencing people’s cost and benefit analysis. People balance not only external factors (i.e., potential punishment) but also internal ones (i.e., the psychological cost of lying) with the profit the lie provides. Second, when people are

equipped with a justification, the cost of lying seems to be reduced as the perception of what is ethical and what is unethical is modified in a self-serving way. A lie is not as unethical when it could be 'justified', even if the justification is only for the self. Third, in interdependent settings, when one's potential unethical decisions influence another's fate, the ethical maneuvering seems to take place when pondering whether to create interdependency. In such settings, temptation pushes people away from taking another's fate into their hands leading them to avoid the interaction altogether.

### **The psychological cost of lying**

Do people suffer a psychological cost from lying? In Chapter Two, I contrasted two theoretical perspectives suggesting different factors determining people's likelihood to lie. On the one hand, classical economic theory on crime and punishment (Becker, 1968) predicts that people would lie depending on the likelihood that they would be caught and the magnitude of the punishment that will follow. Such an approach considers the individual as a relatively rational being attempting to maximize personal profit while balancing positive external factors (e.g., the monetary gain the dishonest act would generate) versus negative external factors (e.g., the severity of the punishment and its likelihood to be enforced). On the other hand, recent theoretical development and empirical findings (Gneezy, 2005; Fischbacher & Heusi, 2008; Mazar, et al., 2008; Gino, et al., 2009; Gino, et al., 2010) suggest that the ethical balance takes into account internal psychological factors and not merely external ones. This approach suggests that when considering whether to lie or not, people strive to maintain their positive self image as honest individuals while benefiting themselves financially at the same time. To do so, people allow themselves to be dishonest but restrict their amount of dishonesty. To maintain seeing themselves as honest, people lie, but just a bit.

Do people really opt for minor lies or alternatively, that a sufficient amount of profit is needed in order to lead one to lie. The self-concept maintenance rationale suggests that people would be happy with any amount of profit that might be generated by the lie as long as it does not force them to modify their self view. That is, they would lie as long as they do not need to move from seeing themselves as honest to seeing themselves as dishonest people. However, if the mere act of lying is psychologically costly, then people would refrain from lying when the lie generates only negligible profit. In Experiment 2.1, students were asked to choose between two options, privately roll a die and gain money according to what they reported rolling or take a fixed monetary exit option. The exit options that were proposed were calibrated to leave students who chose to roll different values that they may use to boost their profit.

In a first condition, those who chose to roll could lie to increase pay by using major lies (i.e., lie to the maximum extent possible) or minor lies (i.e., earn very little beyond the exit option that was provided). In a second condition, those who chose to roll had these two options (major and minor lies) but also another one – they could use a middle-of-the-road lie, increasing profit significantly but not in a minor or major way. Results demonstrated that people in this latter condition lied by using such middle-of-the-road lies. Those who were forced to choose between lying a lot and lying for very little - lied significantly less. I concluded that when deciding about the extent to which they would lie, people perform ethical maneuvering balancing not only the external costs and benefits the lie provides but also its psychological costs (and benefits). People clearly suffer a psychological cost from lying and require sufficient profit to be generated by the lie before opting for unethical behavior.

An interesting additional finding in Chapter Two was that people who lied most were also likely to justify their ethically inappropriate behavior. When asked to what extent they were motivated to earn money and to what extent their reported outcome was ethically appropriate, they provided rankings that were higher than those of students who lied less. That is, those participants who had the opportunity to use middle-of-the-road lies (and on aggregate did so and lied more than those who could not use such lies) provided financial and ethical justifications for their behavior. This intriguing finding led us to develop the hypothesis that private justifications may be valuable when confronted with ethically tempting situations. In Chapter Three, this hypothesis was explicitly tested by manipulating the availability of self-justifications.

### **The value of justifications**

Do people find value in having a justification to lie? Recent work supports this notion demonstrating that people are more likely to feel that it is legitimate to build up an insurance claim the higher the personal deductible is (Miyazaki, 2009), and that people consider illegal media product downloading to be more legitimate when the product is scarce at a given time (Miyazaki, et al., 2009). In Chapter Three, I developed the idea further anchoring on Kunda's notion that "people are likely to arrive to conclusions that they want to arrive at, but their ability to do so is constrained by their ability to construct seemingly reasonable justifications for these conclusions" (1990, p. 480). This chapter focused on one specific type of self-justifications, namely observing desired (upward) counterfactuals. Factual reality often provides people with outcomes that might be consider by them as suboptimal. Realizing that your expected tax return is low may be a disappointing experience. This is especially true when one learns how

alternative scenarios (e.g., donating more to charity last year, moving in earlier with your partner) would have led to better tax returns.

In Chapter Three, people were exposed to desired information that differed from factual reality, or in Roese's terms, pieces of information "that are evaluatively better than actuality" (1997; p. 134). This type of justification is minimalistic as privately observing desired information does not change the rules of the situation or imply that one may use this information to dishonestly boost profit. However, as suggested by Markman and McMullen (2003), when people consider such upward counterfactuals they engage in (reflective) "as if" thinking. In this mind-set people reflect on the counterfactual "as if" it was real, thereby reducing the contrast between this piece of counterfactual information and factual reality (see also Kahneman & Varey, 1990). Thus, observing a desired piece of information influences the way people feel about (dishonestly) using this specific piece of information compared to other pieces of information that were not observed. The hypothesis tested in this chapter was that observing a desired counterfactual may make it more legitimate to use this specific piece of information as it 'nearly' occurred, serving one's self-interest as a result. In such, people may use desired counterfactual to boost profit as these counterfactuals not only increase one's profit but also feel legitimate. That is, these observed pieces of desired information enable people to dishonestly gain money while maintaining feeling honest.

In Experiment 3.1 students were provided with the opportunity to privately roll a die and gain money according to their reports. Holding all other aspects of the situation constant, I manipulated whether they saw one or several die rolls before reporting the outcome on the first roll that counted for pay. The idea was that seeing more rolls will allow people to report the highest value they saw. This is because such a report could be justified more easily compared to other (beneficial) values that were not observed. Specifically, students in this experiment learned that they should roll once to determine pay and then more time to insure that the die was legitimate (but not to determine pay). After rolling at least two more times, students had to report their first roll outcome and receive pay according to their reports. Thus, in this multiple rolls condition students saw more than one roll before reporting their outcome. In another single roll condition, students were guided to test that a die was legitimate before the experimental task begun. Thereafter, they received a die, rolled it, disposed of it privately and reported what they rolled. Thus, in this condition students saw a single roll before reporting their outcome. As predicted people were more likely to lie when they saw more rolls compared to when they saw only one roll. This pattern of results

was consistent with the proposed mechanism for lying, namely that people choose the highest value they observe while knowing that only the first roll is meant to count for pay. Importantly, our task insured that these justifications (the extra die rolls under a paper cup) were totally private. Appearance considerations therefore, could not have been a driving force for our results, a modification in ethical perception was.

Since our task insured that participants' information concerning their die roll outcomes was totally private, the first study was followed with an additional one (Experiment 3.2) in which all two die roll combinations were presented to participants and asked them what they would report had they hypothetically been placed in such situation. Gaining further support to our prediction, people over reported the values appearing on the second roll (provided that these were desirable outcomes; i.e., higher than the first roll) more than any other profit boosting alternative that was available to them. Two additional studies (3.3 and 3.4), addressed the psychological mechanism for using justified lies. Results suggested that when asked to evaluate to what extent different combinations of die rolls and reports are considered to be lies, people evaluated lies that were equal to the values of subsequent rolls (those meant merely to assess the die's legitimacy and not to determine pay) to be less unethical compared to lies that were not equal to the observed values. This provided further evidence that people do not evaluate ethicality as a function of whether a report is honest or not. In contrast, people take into account seemingly irrelevant information which justifies the lie and makes it more acceptable compared to alternative unjustified lies. Observing a desired counterfactual makes lying using this one specific piece of information feel more legitimate. The evidence obtained in this chapter clearly demonstrate that people benefit from having a justification to lie allowing them to lie for money while feeling honest.

### **Avoiding tempting situations**

Do people seek to engage or alternatively to avoid situations that might tempt them to use their information advantage to deceive another person in order to benefit themselves? Chapter Four investigated the extent to which people find the option of engaging in interaction that would enable them to deceive another person to be attractive. Based on the evidence obtained in the first two chapters of the dissertation as well as other work on the psychological cost of lying (Mazar, et al., 2008; Mead, et al., 2009; Gneezy, 2005; Lundquist, et al., 2009), I hypothesized that people would avoid engaging in negotiation when the situation would allow them to deceive their counterpart. To test this idea an asymmetric information version of the Ultimatum

Bargaining Game (Kagel et al., 1996; based on Güth et al., 1982) was used. In this version of the game, participants (as proposers) knew that the value of the goods (i.e., chips to be converted to money) for them was higher (vs. equal) compared to the value of the goods for their potential counterparts (the responders). Importantly, proposers learned that only they will receive this information concerning the value of the goods, while responders would not. In case they chose to make an offer, responders learned about the number of chips offered of the total number of chips, but not about how valuable these chips to either side. Proposers were further provided with an alternative to making the offer - taking an exit option to avoid the interaction altogether (see Dana, et al. 2006). In the first game, the high temptation game, when the chips were worth more to proposers, they were able to make offers that seemed fair (a 50%-50% split of chips) but were actually not fair (the proposer earned twice as much money compared to the responder if the offer was accepted). In the second game, the low temptation game however, an offer that seemed fair (a 50%-50% split of chips) was actually fair (both proposer and responder received the same monetary outcome if the offer was accepted).

Results of three experiments (4.1, 4.2, and 4.3) suggested that people avoided the high temptation game more than the low temptation game. This was because in the high temptation game more than in the low temptation game, proposers had a reduced desire to become responsible for the responder's outcomes. Furthermore, when proposers were provided with information suggesting that the responder was a cooperative person, and thus being tempted to deceive this person would be aversive, the same pattern of results was obtained as when no information about the partner's personality was provided. However, when proposers were provided with information that the responder was a competitive person, and thus being tempted to deceive this person would not be as aversive, they entered the negotiation more often in the high compared to the low temptation game.

These findings contribute to past work which considered people's motives to leave social situations and did not consider what drives people towards (not) entering particular social settings. The experiments in Chapter Four demonstrated that people are relatively averse of social situations that allow them to privately and anonymously cheat their partner into a disadvantageous position. Our work shows that people navigate through social space with a particular eye towards avoiding undesirable (tempting) settings. Moreover, previous work focused on selfish motives as driving people's decision to enter or leave social situations. It showed that people leave social situations when they can improve their personal outcomes elsewhere (Thibaut & Kelley,



1959) or avoid social situations that entail high risk of being exploited by others (Dawes et al., 1977). The results of Chapter Four go one step further and show that people do not only leave aversive situations, but may even avoid entering them altogether. In addition, avoiding or entering the social situations was determined by the extent to which people were willing to take responsibility over other's fate and outcomes. Across studies results revealed that in such tempting situations, people were less likely to create an interdependent interaction due to the outcome responsibility it entails. Thus, because of their concerns for the other's fate people gravitate towards those social interactions that do not tempt them into performing immoral and unfair behavior, even when their anonymity is secured.

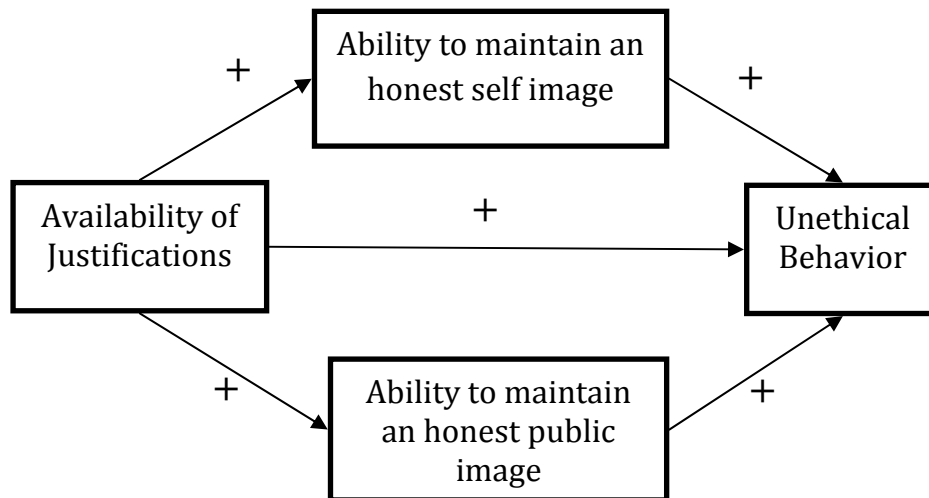
### **Balancing right and wrong**

All in all, the work described in this dissertation suggests that people's ethical perceptions and subsequent behavior is not based on a dichotomy contrasting honesty and dishonesty. Rather, it seems that people evaluate ethicality on a continuum ranging between these two ends (see Hsee, 1995; Hsee, 1996; Schweitzer & Hsee 2002). Work by Bazerman and colleagues (Bazerman & Banaji, 2004; Chugh, Bazerman & Banaji, 2005) supports this notion suggesting that our perceptions of what is ethical and what is unethical are bounded. That is, they proposed that systematic cognitive biases lead us to evaluate similar ethical failures in different ways depending on the way the information is presented and processed. For example, Kern and Chung (2009) asked student to evaluate different ethically challenging scenarios and assess their likelihood to behave unethically. One such scenario required students to evaluate what is the likelihood that they, in the role of entrepreneur interested in buying a competing company, would illegally seek inside knowledge about this competing company. Importantly, the researchers manipulated whether participants learned that such unethical behavior would result in a 25% chance of winning the acquisition or alternatively in a 75% of losing the acquisition. While these two probabilities are identical (a 25% chance to win equals a 75% chance to lose), participants in the loss frame evaluated their likelihood to lie as significantly higher than those in the gain frame. This line of research clearly indicates that the way we make ethical decisions is influenced by systematic cognitive biases restricting the way we perceive information.

While the bounded ethicality approach focuses on studying the ways people are systematically biased in the way they process ethical information, it does not make assumptions about how people's (self serving) motivation would influence such information processing (Kunda, 1990; Kruglanski, 1996; and also De Dreu, Nijstad &

van Knippenberg, 2008). The motivated information processing approach suggests that people want to see the world in a given way and benefit from information allowing them to reach the conclusions they wish to reach. Indeed, Schweitzer and Hsee (2002) found that when people had a way to justify sending self-serving information to their negotiation counterparts, they were more likely to do so compared with people who received information which did not justify such self-serving behavior. Results obtained in this dissertation go a step further demonstrating that justifications in the form of desired counterfactual information modify our ethical perceptions in a very specific way – they make the piece of counterfactual information that was observed feel more legitimate to use compared to other (self benefiting) pieces of information that were not observed.

Figure 5.1 presents a theoretical model integrating two insights namely, that people's perceptions of ethicality are not a contrast between right and wrong but rather a continuum ranging between the two ends, and that self-serving justifications determine the extent to which a given piece of information would be considered as ethical. Specifically, I propose that unethical behavior is more likely when justifications are available. That is, when one's self-interest is served by being dishonest, having a justification to lie is functional as it allows one to serve self-interest while maintaining not only an honest public image but also an honest self image. First, having a justification allows one to lie knowing that the likelihood of being negatively publicly evaluated for such behavior is reduced. Importantly, justifications also modify the way people perceive a dishonest act as unethical and thus using a justified lie does not force them to update their self view as honest people.

*Figure 5.1. Justified Ethicality Model*

I begin discussing the contribution of this model by shortly reviewing literature focusing on the value people gain from being able to maintain an honest public image (i.e., appearing honest in the eyes of others). Second, I summarize evidence obtained in this dissertation demonstrating justifications are valuable not only because they allow one to hold an honest public image but also an honest self image. That is, that beyond enjoying the benefits of being able to be considered as honest by others, people derive value from feeling that they are honest people. Importantly, I propose that these ethical perceptions have a key roll in shaping dishonest behavior over and above the impact of appearing honest in the eyes of others. Third, I discuss the extent to which people are likely to navigate themselves away from or into situations as a function of how tempting these situations are. In discussing this issue I also address some open theoretical questions that were not answered in the current dissertation. Finally, I end this discussion with some concluding thoughts about the benefits of studying ethical decision making and our ability to draw some implacable insights from such work.

### **Honest public image and honest self image**

People find value in appearing honest to others. Literature supporting this idea is reviewed in detail in Chapter Three, to name a couple of examples consider the work by Batson and colleagues (Batson, et al., 1997; Batson, et al., 1999). They demonstrated that in determining if they or another person would get to perform an unpleasant task, many people chose to toss a coin to make the decision but enjoyed the privacy of the prediction and “won” the toss well over what would be predicted by an honest toss.

Similarly, in negotiation, people seem to use their private information allowing them to appear fair while not being fair and make strategic offers to their counterparts while actually benefiting themselves (e.g., Pillutla and Murnighan 1995; the forced conditions in Experiment 4.3 in this dissertation). These lines of work indicate that people find value in that they can maintain a fair public image and appear moral in the eyes of others while actually benefiting themselves. No doubt that it is valuable to be able to justify one's decisions by the 'honest' procedure one employed (i.e., a coin toss) or the 'fair' offer this person placed on the table.

The idea that people would use justifications as means to explain to other why they opted for an unethical option also fits rational models of behavior (Becker, 1968; Alingham & Sandmo, 1972). As mentioned before, this rational argument suggests that people would lie as a function of their likelihood to get caught and punished. In such, having a justification may reduce one's likelihood to be punished or moderate the severity of the punishment if applied. Situations which allow people to justify their unethical behaviors are thus likely to lead people to lie as people know that they are more likely to get away with a reduced punishment. In this view, a justification is valuable because it reduces the external price one has to pay if caught and punished. As social animals it is clearly valuable to be able to appear honest and trustworthy to those surrounding us. Justifications in that sense may also help the way an unethical act might be leniently evaluated by others.

The proposed justified ethicality model acknowledges the importance of how having a justification may make one's wrongdoing appear more honest in the eyes of others. Justifications are thus partly valued because they are likely to lead others to evaluate one's behavior as more ethical, decreasing the likelihood to be punished and the severity of the punishment if applied. Importantly however, the model predicts that over and above such (conscious) public appearance considerations, people find value in feeling, not just appearing, honest. Evidence from Chapter Two shows that people lie less when the lie is too big or when it does not provide enough compensation for the psychological cost the mere act of lying exerts. In Chapter Three people clearly valued feeling honest as they used their private justifications which allowed them to maintain feeling honest while lying to gain money. People in this study interpreted the information they were exposed to in ways that matched their desire to benefit themselves financially. When participants in our studies saw a high value on one of their subsequent rolls that followed a low value on the roll that was supposed to count for pay, they allowed themselves to lie using this specific high observed value. They used this justified value, more than any other profit boosting values, as the justified

value allowed them to feel honest while dishonestly increasing their payoff. Clearly, they were motivated to make this self serving interpretation as they would benefit from it financially. Having a genuine desire to maintain an honest self image and not to succumb to wrongdoing is also evident from the results of Chapter Four. In this chapter people were more likely to avoid situations in which their private information allowed them to deceive their counterparts than other situations in which their private information did not allow for such deception. In such, this evidence provides further support to the notion that people seek to feel honest even when their decision is totally private. It seems that when considering whether or not they wished to influence another's fate, people were genuinely concerned with doing the right thing. In total, the work described in the current dissertation indicates that people's likelihood to lie depends not only on appearance considerations. People seek not only to appear but also to feel honest. They wish to maintain not only an honest public image but also an honest self image.

### **Ethical navigations**

The results of Chapter Four are also interesting as they suggests that peoples' genuine desire to be honest is influencing their decision of whether to enter (or not) into tempting social interactions. Again, also when making such entrance decisions people may be also driven by a desire to benefit themselves and act in socially acceptable way. Indeed, recent work on the evolution of cooperation suggests that deciding not to interact with others can increase cooperation levels among individuals leading to relative prosperity on the individual and collective levels (Hauert, et al. 2002; Semmann, et al. 2003). The idea is that in a group dominated by cooperators, individuals can promote their self-interest by defecting and free riding other's efforts. As the number of defectors increases, opting out and leaving the situation advances one's self-interest as this limits others' ability to benefit on the expense of this individual's efforts. Finally, as more and more individuals opt out, group size decreases so that, ultimately, cooperation becomes relatively attractive, leading individuals to opt in again and cooperate. People may be rather rational about whether they should or not interact with others in order to maximize their personal outcome.

Notwithstanding this rational account for avoiding or entering interaction, proposers in our studies were always anonymous and knew that if they decided not to make an offer, their counterparts would never learn about the game taking place. These proposers also knew that this was a single shot interaction and that they would never have to interact with their counterpart in the future. Furthermore, repeated evidence

indicated that people's desire to avoid becoming responsible for their counterpart's outcomes mediated the decision not to make an offer in tempting situations. Appearance considerations seem to be playing a minimal role in the decision taken by participants in our studies. Rather, it seems that genuine concerns for not being tempted to deceive the other were a stronger driving force influencing this decision.

An interesting finding in Experiment 4.3 was that those proposers who decided to enter the tempting situation were more generous compared to proposers that were forced into making an offer in such situations (which is the common practice in most social science research today). Specifically, in this experiment the offers made by proposers who choose to enter the different games were compared to offers made by proposers that were forced to make an offer (i.e., did not receive the exit opportunity). As in previous work (e.g., Boles, et al., 2000; Pillutla & Murnighan, 1995; Van Dijk et al., 2004; Van Dijk & Vermunt, 2000) proposers who were forced to make an offer acted in a strategic manner and made similar offers across the games (which carried similar likelihood to be accepted by the responder). These proposers thus displayed behavior consistent with what would be expected from people who care about appearing fair and honest. In contrast proposers who volunteered into the different games displayed a different pattern of results. Proposers who chose to enter the high temptation game made more generous offers compared to others who entered the low temptation game. This is a potentially important finding as it may cast new light on the widely shared conclusion that when push comes to shove, individuals act selfishly in their own interest, and ignore or even derogate those of others. Although these findings do not dismiss that people can be egocentric and dishonest, they warn against overestimating the prevalence of immoral, unfair and self-interested behavior. For settings to which people volunteer, such as marriages, labor exchanges, or economic trade negotiations, the average rate of deception and competition may be lower than previously concluded from forced-entry type studies.

The finding that people who entered tempting situations were relatively generous is interesting also because much work revealed that the initial stage of negotiation influences the shape of the subsequent interaction and the agreements that are eventually reached. For example, when people begin negotiating on the topic most important to them they are likely to get stuck and reach poor outcomes on both personal and collective levels (De Dreu, Giacomantonio, Shalvi, & Sligte, 2009). Similarly, the initial offer that negotiators receive is strongly correlated to their final negotiated agreement (Chertkoff & Conley, 1967; Liebert, Smith, Hill, & Keiffer, 1968; Magee, Galinsky, & Gruenfeld, 2007; Moran & Ritov, 2002; Ritov, 1996; Rubin & Brown,

1975; Yukl, 1974) and this effect is especially strong for people who have low sense of ability to control their own fate (i.e. external locus of control; Shalvi, Moran & Ritov, 2010). If indeed selecting into a (tempting) interdependent setting increases the likelihood of one to be concerned with the other's wishes, this might have positive impact on the shape of subsequent interaction and agreement. Tempting settings may actually induce honest and mutually beneficial behaviors.

### **Open questions**

In Chapter Four participants always had private information and were more likely to avoid situations in which this information advantage allowed (vs. not) to deceive their counterparts. However, when considering how people navigate between more or less tempting situations we may consider another potentially interesting comparison – whether people seek to hold private information to begin with? A possible insight into this question comes from Chapter Two. Recall that in this chapter, people were asked to choose between rolling a die to earn money according to their reported outcome or take an exit option instead. Beyond the two experimental conditions in which the values of the exit option that was proposed to participants were varied (providing vs. not providing a middle-of-the-way lying opportunity), two control conditions were added in which participants that chose to roll the die did so in front of the experimenter. Thus, in these control conditions (used to rule out a risk related self-selection explanation) participants could not lie about the outcome they obtained as they did not have private information about the outcome of the die roll. While not the focal point of interest in Chapter Two, these conditions allowed assessing whether people were attracted to situations that allowed them to hold private information, ultimately allowing them to lie for profit. Results suggested that people preferred to enter such situations which allowed them to hold private information (66%) more than situations in which they had no such private information (48%). This was true for both situations in which people ended up lying more (€2.5 exit condition) and for situations in which people ended up lying less (€3.5 exit condition). The fact that participants in this study were more likely to enter situations that provided them with private information, independent of whether they eventually used it to lie for profit, raises yet another question – do people consider if they would lie when making the initial decision of whether to enter or avoid? That is, do people consider how tempting a situation would make them feel when choosing to enter it? Similar tendencies to seek private information were found regardless of whether people used this information advantage or not. This may potentially suggest that people were not necessarily

considering lying when taking the entrance decision, at least not when the lie was not at the expense of another individual.

Two related questions arise from this finding. First, would increasing the saliency of the potential temptation may decrease the attractiveness of possessing private information? That is, when it becomes clear that possessing private information might tempt one to lie, it is possible that people would avoid situations allowing them to possess such information to begin with? Another question not addressed in this dissertation is whether people would seek to possess private information in settings where such information could be used to deceive another person. As mentioned above, in Chapter Four, participants as proposers always had private information about the value of the chips. I did not collect data about entrance tendencies into symmetric information Ultimatum Bargaining Game, in which the proposer has to choose whether to enter a setting in which the counterpart would know the value of the chips for both sides. Thus, I am not able to conclude whether the tendency to seek situations which allow one to hold private information would replicate also when such information advantage could be used to benefit on the expense of another person. Future research may explore whether saliency of temptation and who suffers from the lie may influence people's desire to hold private information.

Several additional questions arise from the current work and might be interesting to continue exploring. For example, would settings which allow people to justify their lies be more attractive for people to enter? That is, according to the justified ethicality theoretical model, ethical navigation should be influenced by the availability of a justification that would reduce the psychological cost of lying. Thus, it might be interesting to assess if people value entering environments that allow them to possess justifications for their unethical behavior? Alternatively, people may prefer such settings that limit their ethical wiggle room (Dana, Weber & Kuang, 2007) and would select themselves into settings that do not provide opportunity for such justifications. Another issue not studied here concerns that type of information that may be viewed as a legitimate justification. The work described here focused only on self-generated justifications. However in real life, we receive information also from others people around us and from our surrounding environment. Would people feel legitimate to use information as means to justify unethical behaviors when such information was the result of another person's actions or a source of nature? Or alternatively, could it be that we only feel that it is legitimate to (dishonestly) use information that we generated ourselves?



### **Concluding thoughts: A behavioral approach for ethicality**

In the introduction to this dissertation I presented evidence that our minor lies accumulate to large societal costs. When people buildup their insurance claims, 'borrow' a pen from work, or 'forget' to mention a hidden defect in the car they try to sell, they use lies that might feel small but have a large impact. Could these insights be useful to society? In their fascinating book *Nudge*, Thaler and Sunstein (2008) suggested that implementing behavioral economic and social psychological insights may not only increase people's happiness and economic prosperity but also benefit society at large. In their work they described how minor environmental changes may have major impact on individuals' lives and society. They specifically focused on proposing such changes that would leave people with a freedom to do what they wish to do, while structuring their choice environment in ways that would increase their likelihood to choose (socially and personally) preferable outcomes.

One such environmental change was recently implemented in the Dutch public transport system. In The Netherlands paying for a metro ride used to involve stamping your own metro ticket as a function of how many zones you are about to cross in your journey. Since monitoring was absent (or at least very rare) this payment structure left people with the responsibility to honestly stamp their cards, and opened up some room for self serving dishonest behavior. For example, consider yourself running late to a meeting in an area of town that you are not familiar with. You run to catch the metro only to realize that you are not certain how many zones you will cross on your way to the meeting. You doubt between 2 or 3 zones and do not know how to stamp your card. Just like people building up their insurance claim just a bit, deciding to settle for 2 zones and paying less for the ride, feels rather legitimate. After all, you are not certain about how many zones you will cross and while you can probably spend the time to figure out, or pay more for a potentially cheaper ride, you may use the available justifications (time pressure, no knowledge, etc) to be ethically lenient with yourself and choose the less expensive option. The work in this dissertation however suggests that people find value in feeling honest and that a significant amount of them would be willing to pay a fixed amount of money instead of confronting themselves with tempting situations in which they may lie to gain some extra money. Probably for different reasons, the Dutch public transportation authority recently updated the payment system replacing the stamping of the ticket with an individualized magnetic card which people scan when boarding and leaving the train. Such modification in the payment system seems to remove a potential ethical obstacle from people's way. Very dishonest people, who wish to literally free ride the system, may still sneak into the train without paying. For most

others, rushing to meeting in an unfamiliar location, the ethical doubt is removed. The magnetic card charges the due pay automatically. Such modification in our surrounding systems may increase honesty among us and allow people to find themselves liberated from tempting considerations in which their self interest is contrasted with their ethical beliefs. Further considering settings that remove ethical obstacles from our lives may increase honesty in our society.

From a personal perspective, studying how we balance right and wrong had an impact. Recently, I went to play squash with a friend and arrived to the gym earlier than he did. At the front desk I was informed that we will be playing at court number 7 and to my surprise the receptionist further said that this court was all paid for. Assuming that my friend paid for the court, I entered the gym and got dressed. When he arrived, I thanked him for paying and suggested that I will be the one paying the next time around. He replied that he indeed paid a minute ago, but only for him self. We begun playing and after an hour got dressed and were ready to leave. In my mind I had all possible justifications for walking home without paying. The price charged by our local gym is ridiculously high, mistakes happen in both directions (I recall paying once more than I had to), and on top of all that - no one would ever know. Studying how justifications shape our perceptions of right and wrong however, I paused to think. Should I pay or walk away? I ended up asking the receptionist to pay, but was kindly rejected. She thanked me for my honesty but suggested that since it was her mistake, this game was on the house.

I am no saint. In the past I am certain that in some similar situations (when justifications were ample) I walked away without paying. However, spending four years on studying how our mind plays tricks with our ethical beliefs, led me to do the right thing this time around. This was one less minor lie on society's bill.