Explore our free Behavioral Science One-Sheets designed to connect behavioral science concepts to daily workflow and organizational cultures.

Ethical Systems makes accessible the best research on systems thinking, psychology, and economics to improve the ethical culture of organizations.

Who We Are

Ethical Systems is a collaboration of top researchers, most of whom are faculty at leading business schools. We all share the conviction, backed by research, that in the long run, good ethics is good business. We believe that integrity in business can be enhanced by wise leaders who take a systems approach to their organizations and the environments in which they operate.

Ethical Systems is housed in NYU Stern's Business and Society Program. Our mission is to bridge research by leaders in academia and the corporate world. Meet our team:

- Collaborators
- Core Team
- Steering Committee
- Advisory Board
Distinguished Collaborators

Top experts who link academic research to the practice of business.

Among others
Core Team

Jonathan Haidt  
Director

Azish Filabi  
Executive Director

Brian Gallagher  
Communications Director

Catarina Bulgarella  
Research

Sean T. Stevens  
Research

David Dobolyi  
Webmaster
Our Work

*Ethical Systems* is a collaboration of top researchers who share the conviction—backed by research merging systems thinking, psychology, and economics—that in the long run, good ethics is good business.

The heart of our site is “The Research” tab, where each collaborator reviews the existing research in their respective field of expertise and distills best practices, based on insights from the behavioral, social, and management sciences.

*Ethical Systems* also offers organizations opportunities to work with us directly, as noted in “Our Services,” which includes executive education, behavioral-science-and-ethics interventions, culture assessments, and speaker engagements. We also hold a biennial conference, Ethics by Design, which is a gathering of academic and business luminaries to discuss research and practical insights to improve business ethics.

*Ethical Systems* design is based on the principle that behavior in organizations must be understood by examining the interaction of many factors and forces; you should *not* start by looking for good and bad people. This is particularly true in business, where leaders, managers, and employees face conflicting incentives, messages, and pressures from multiple stakeholders. If you want to improve ethical behavior within your organization you have to think about many moving parts, take many different perspectives, and draw on research from many scientific fields. The purpose of *Ethical Systems* is to help organizations do that.
Ethics by Design brings together researchers and practitioners every two years to present strategies for running ethical organizations. Our participants will discuss individual behavior, group norms, and legal/regulatory structures and how these relate to designing ethical systems in organizations in a combination of keynote presentations, panels, and research roundups.
Academic and business “luminaries” discuss “ethics by design”
Ron Carucci covered Ethical Systems’ 2016 conference “Ethics by Design,” writing that “Among the many dynamic conversations was exploring the role leadership plays in unwittingly promoting ethical misconduct in organizations.”

Ethical Systems put on a “fascinating all-day seminar”
“Ethics and corporate rectitude are not impractical, esoteric matters...,” wrote Tim Askew, “[It] is increasingly a practical necessity related to profit and ROI. In many cases goals do more harm than good and rigid adherence to specific outcomes can be disastrous. The solution? I don’t know. But the answer is surely somewhere near the corner of ethics, culture, and human meaning.”

Virtuous leaders influence employees to feel a sense of “elevation.”
Dave Mayer wrote, citing the research of Ethical Systems founder Jonathan Haidt, that the feeling is “a positive emotion that lifts us up as a result of moral excellence. This elevated emotional state can inspire employees toward behaviors that aren't required of them but that greatly improve organizational functioning.”
Publications

Cultural context and regulations drive behavior
Carrot or stick? Azish Filabi considers culture as a regulatory approach. Plus, Linda Trevino and co-authors write on the invisible role of middle management plays in unethical behavior and setting unrealistic expectations.

How directors can safeguard financial firm culture
Michael Silva & Azish Filabi described how their “personal experiences and study of existing and emerging research on the role of culture have demonstrated that culture is the single most important driver determining whether an institution contributes positively to a trusted financial system.”

“Make business ethics a cumulative science”
Jonathan Haidt & Linda Trevino argued that the “benefits to humanity from research that helps firms improve their ethics could be enormous, especially if that research also shows that strong ethics improves the effectiveness of companies.”
Our Services

Executive Education
*Ethical Systems* provides custom education sessions for executive teams ranging in length from one-hour to all-day programs. Executives can learn about topics in the social science of ethics, including:

**The Business Case for Ethics**

**Cognitive Biases and Ethical Decision-Making**

**Behavioral Ethics Research and Findings**

**Workplace Formal and Informal Systems**

**A Framework for Ethical Organizational Culture**

The sessions are interactive workshops, including case studies, group discussion, and lectures on research findings.

Behavioral Science In-company Research

Behavioral science can be a powerful way for your company to enable more ethical behavior through choice-architecture. “Nudging” for ethics has been shown to spur more ethical decisions.

**Our Researchers Can Help Organizations Design Interventions and Systems That Use Behavioral Science, Data, and Rigorously Generated Evidence to Advance the Goals of Ethics, Compliance, or Risk-Management Efforts.**

We develop targeted experimentation tailored to company needs, measuring their impact on goals—testing what works, and what doesn’t advance the outcomes companies care about.

Culture Assessment

The *Ethical Systems* culture-measurement modules are a unique resource, specifically vetted through academic channels: the peer-review journal process (for survey questions) and a working group of leading practitioners and academics that *Ethical Systems* convened to assess the highest-quality measures.

**Our Team Is Available to Assess Organizational Culture to Provide Companies with a Roadmap on How Their Culture Affects Company Ethical Behavior.**
“The Research” Portal
Best practices distilled, based on insights from the behavioral and management sciences.
HEAD TO HEAD: A CONVERSATION ON BEHAVIORAL SCIENCE AND ETHICS

JEFF KAPLAN

This emphasis on culture presents a challenge to companies—given how broad and all-encompassing a topic culture is, how can companies better grasp and manage their internal cultures? How would they know whether they have "an organizational culture that encourages ethical conduct" per the FSGO?

AZISH FILABI

It is a challenge, but not an insurmountable one. Many companies already recognize the importance of culture and regularly conduct employee engagement or compliance surveys. These approaches, however, are often not digging deep enough around behavior and ethics. Employee engagement, for example, is an outcome of culture not necessarily a driver of it. Given the emphasis by regulators on ethical culture, more companies are focusing on measurements specific to whether they have a "culture of ethics." This is where social scientists can add much value.

Academics have been developing measures of ethical culture for a few decades and validated tools already exist in peer-reviewed journals. The Ethical Systems website provides additional details on these tools and how companies can begin to measure their culture.

There is no one definition of an ethical culture. It will inevitably vary across companies and is an interplay of the formal and informal systems we talked about earlier.
Policy Insights

Ethical Systems members and collaborators write on how to transform culture in financial services.
**Behavioral Science “One-sheets”**

Ethical and behavioral science concepts, explained and connected to daily workflow and workplace culture.

**EXECUTIVE SUMMARY**

**Ethics Pays:**

- **What It Is:** Research shows that an organization that commits to ethical business practices reaps a wide range of benefits. Ethical companies—those that avoid fines, enforcement actions, and negative headlines while instilling a culture based on doing the right thing because it is the right thing—enjoy an enhanced reputation and an increased ability to attract and retain the best talent. Owing to ethical pitfalls also leads to stable and steady growth, rather than the alternative: dramatic pendulum shifts of loss and catch-up.

  - **Note:** The research referenced here focuses on companies based in the US that do business primarily in the US and other OECD nations, where there is reasonably good rule of law and a free press.

- **What To Do:**
  
  **Draw a Distinction:** With ethics, you get what you give. Without it, you may get ethics, in short, you can tell people to follow the rules. Doing so can encourage people to find ways to do whatever they can get away with, not what is truly right.

  **Executive Summary: A Long-Term Perspective:**

  - **Short-term thinking yields short-term results.** One study observed board members when they shifted from prioritizing share value to non-shareholder interests. These firms developed a “results orientation” and their managers sought to maximize what the firm valued in the short term. However, when the board prioritizes shareholders interests in the first year, the emphasis on “getting results” damages the firm’s long-term resources, such as goodwill from customers and its employees. Researchers (Popades) observed declines in customer focus, transparency, and collaboration among employees.

- **What It Matters: On the Ethics Matter:**

  - **Why It Matters:** Good governance matters for a variety of reasons, both in the immediate long term and over the long term. The Ethics Systems website features a range of research that explains how ethics supports sustainable growth.

  - **Beyond avoiding costly penalties, an investment in ethics creates a long-term return for shareholders and other stakeholders.** Rules have been found to impact investor preferences for ethical and socially responsible companies and products. Overall, the returns of the S&P 500 companies are the highest their 12.5 percentage points, nearly double their peers, a 1.7 percentage point premium on a long-term basis.

- **Where To Go Next:**

  - **Ethical Systems’ Ethics Pays Research Paper:** http://ethicssystems.com/content/ethics-pays

  - **Popades, I., A Corporate Culture Channel: How Increased Shareholder Governance Reduces Firm Value (October 20, 2013).**

  - **Pendleton, L. and Popades, I., Managing Business Ethics: Straight Talk About How To Do It Right, John Wiley & Sons Inc. 2016.**

**Goals Gone Wild:**

- **What It Is:** Business researchers and managers agree: goal setting “works.” It increases employee commitment, effort, and performance. But, it might get things going, but works not to lead to unethical behavior in the employees for several reasons:

  - **1. Growth is an inherent feature of the system that enhances the ethics of our behavior.** Thus, we may be acting in unethical ways while believing that we are acting in our best interests.

  - **2. In an effort to achieve goals (especially with financial incentives and threats of being fired), it's easier to justify that behavior.** This inherent behavioral counteracting, which managers often do not want to consider, is at the root of these unethical behaviors.

  - **3. Before we have met our goals, we are in a negative position relative to the reference point goal, which is known as a "red." Once we have met our goal, we have a "green" situation relative to the reference point goal, which is known as a "green."" Thus, we may be more willing to take the risk to meet our goals.

- **What It Matters: Why It Matters:**

  - **Many believe that if they are the only good, moral people, they can enact ethical behavior. However, a great deal of research suggests that individuals under some conditions view ethical behavior, which is the generalization among ethical behavior, is weak or unenforced, and in those situations, we do not believe that the ethical behavior will impact our choices.

  - **That is, it is important that we take a systems approach to designing organizations that encourage ethical behavior.** One way to encourage employee effort, persistence, and increased performance, they may help create a new environment in which ethical behavior is incompatible with success. For example, the CEO of Intel, Brian Krzanich, announced the value of her company’s foreign-earned tax-advantaged asset, that or eliminate products. Employees are more likely to create an environment in which ethical behavior is rewarded by a higher perceived meeting the needs of the organization in an ethical manner.

  - **What It Matters:** Good goals set in line with personal and organizational goals.

  - **Why It Matters:** Setting good goals to motivate employees who understand their potential impact is a great way to combine with a science-based ethics program.

- **Where To Go Next:**


  - **www.ethicsystems.com**

  - **President @EthicsSystems @NDOCEL**

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“Ethics by Design” Conference 2016 on YouTube

How to use nudges, norms, and laws to improve business ethics

Ethics By Design 2016

13 videos • 283 views • Last updated on Jun 10, 2016

Ethics By Design: How to Use Nudges, Norms and Laws to Improve Business Ethics brought together prominent thinkers and leaders across each level to meet, share and exchange research, resources and relateable strategies around strengthening the ethical climate and culture of today’s business world.

Learn more at www.ethicalsystems.org
Blog

Thought provoking, stimulating articles drive engagement with Ethical Systems, expanding online reach.

Blog

Listen to Adam Grant Talk Leadership Science with Preet Bharara

On 29 Jan, 2019  By Brian Gallagher

It is safe to say that I am a podcast junkie. Whenever I find myself “ears-free”—while taking a shower, walking the dog, riding the subway—I listen to an episode. Usually it is intellectual fare—scientists or other sorts of scholars discussing their new books with, for instance, comedian Joe Rogan (on whose show our founder, Jon Haidt, just appeared). Recently I’ve wandered into more current- and legal-affairs territory, and discovered “Stay Tuned” with Preet, hosted by Preet Bharara, a former US attorney for the Southern District of New York who President Trump fired.

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Contact

For media, collaboration, and research opportunities.

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