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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](#)
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Distinguished Collaborators

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



Dan Ariely
Duke University, Fuqua School of Business
Areas of Research: **Cheating and Honesty**



Dorothee Baumann-Pauly
New York University, Stern School of Business
Areas of Research: **Human Rights**



Max Bazerman
Harvard Business School
Areas of Research: **Decision Making**



Ron Berenbeim
New York University, Stern School of Business
Areas of Research: **Corruption**



Steven Blader
New York University, Stern School of Business
Areas of Research: **Fairness**



Robert Bloomfield
Cornell University, Johnson School of Management
Areas of Research: **Accounting**



Bruce Buchanan
New York University, Stern School of Business
Areas of Research: **Corporate Governance**



Daylian Cain
Yale School of Management
Areas of Research: **Conflict of Interest**



Dolly Chugh
New York University, Stern School of Management
Areas of Research: **Management / Bounded Ethicality**



Nicholas Epley
University of Chicago, Booth School of Business
Areas of Research: **Conflict of Interest / Leadership**



Robert Frank
Cornell University, Johnson School of Management
Areas of Research: **Cheating and Honesty**



Francesca Gino
Harvard Business School
Areas of Research: **Cheating and Honesty / Negotiation**



Adam Grant
University of Pennsylvania, The Wharton School
Areas of Research: **Personality & Personnel**



Jonathan Haidt
New York University, Stern School of Business
Areas of Research: **Ethics Pays / Teaching Ethics**



David Hirshleifer
University of California, Irvine, Merage School of Business
Areas of Research: **Accounting**



Marc Hodak
New York University, Stern School of Business
Areas of Research: **Corporate Governance**



Jeffrey Kaplan
Kaplan & Walker LLP
Areas of Research: **Compliance and Ethics Programs / Conflict of Interest / Law**



James Lager
University of Maryland, Robert H Smith School of Business
Areas of Research: **Law / Exploration of right vs. wrong**



David Mayer
University of Michigan, Ross School of Business
Areas of Research: **Leadership**



Hal Movius
Movius Consulting
Areas of Research: **Negotiation**



Ann Tenbrunsel
University of Notre Dame, Mendoza School of Business
Areas of Research: **Decision Making**



Linda Treviño
Pennsylvania State University, Smeal School of Business
Areas of Research: **Ethics Pays / Leadership / Teaching Ethics / Whistle Blowing**

*Among
others*

Core Team



Jonathan Haidt
Director



Noel Boyland
*Interim
Executive Director*



Brian Gallagher
*Communications
Director*



Catarina Bulgarella
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

Conference **2019**

MANAGING
ORGANIZATIONS
IN AN ERA OF
ANXIETY
POLARIZATION
& DISRUPTION



March 15, 2019
NYU Stern School of Business

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.

Press Coverage

Forbes

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.”

Inc.

***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.”

FAST COMPANY

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.

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Business Integrity Through Research

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Leadership

When it comes to good and bad results, leaders should do a scientific study. Leaders who lead by standards, holding environments in which shown to cause a outcomes. **Leaders designed to support**

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Fairness
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Internal Reporting
Law
Leadership
Negotiation
Personality & Personnel
Teaching Ethics
Trust
Coming Soon

lead on ethics and take responsibility for both in discussing ethical leadership (as in what topic is relatively new as an area of social

communicating the importance of ethical able to those standards, and- crucially- designing s described below, ethical leadership has been and to reduce the risk of many negative **most important lever in an ethical system**

Image: Portrait of Niccolò Machiavelli by Santi di Tito, via Wikimedia Commons. Machiavelli told political leaders that it was more important for them to be feared than loved. In lawless times with weak institutions, he may have been right. But in today's business world, for most industries, the evidence points more the other way.

E-book



HEAD TO HEAD: A CONVERSATION ON BEHAVIORAL SCIENCE AND ETHICS

Head to Head: A conversation on behavioral science and ethics For anyone interested in improving the effectiveness of compliance & ethics (C&E) programs in organizations, this eBook is for you.

by JEFF KAPLAN and AZISH FILABI



JEFF KAPLAN

JK 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.

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THE ROLE OF CULTURE

behavioral science and ethics

Policy Insights

Ethical Systems *members and collaborators* write on how to transform culture in financial services.



Transforming Culture in Financial Services

Discussion Paper
DP18/2

March 2018

2.1: Carrot or Stick? Culture as a Regulatory Approach

Ethical Systems



Azish Filabi, Executive Director

3.1: How do organisations motivate people to act?

Bocconi University



Dr. Celia Moore, Associate Professor and Academic Fellow, Ethics and Compliance Initiative, Department of Management and Technology

3.5: The invisible role of middle management – unethical behaviour and unrealistic expectations

Academic Collaboration



Professor Linda Treviño, Penn State University, Smeal College of Business – Organizational Behaviour Ethics



Niki A. den Nieuwenboer, The University of Kansas



João Vieira da Cunha, IÉSEG School of Management

Behavioral Science “One-sheets”

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

SHAPING BEHAVIOR

Ethics Pays:

HOW AN INVESTMENT IN ETHICS TRANSLATES TO PROFIT, PRODUCTIVITY, AND PRESTIGE

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. Obviating 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.

Why It Matters

Good governance matters for a variety of reasons, both in the immediate time frame and over the long term. The Ethical Systems website features a range of research that explains how ethics supports sustainable growth.

Illegal conduct can be costly. Governments and regulators exact large tolls from organizations that flout regulations. But ethical lapses do not just cause immediate financial damage. They also cause long-term damage to the organization's reputation. A company can live or die by its brand. So why risk, for a short-term gain, something that takes decades to establish?

Beyond avoiding costly penalties, an investment in ethics creates a long-term value-add for shareholders and other stakeholders. Studies have found a growing investor preference for ethical and socially responsible companies and products. Overall, the returns of the 100 Best Companies to Work for in America beat their peers by 2.3 to 3.8 percentage points a year from 1984 to 2011 on industry benchmarks for employee satisfaction and long-run stock returns.

Employees of ethical companies enjoy a high-trust environment in which leaders model the behaviors they expect from their teams. An ethical culture perpetuates itself by attracting ethical employees: a 2004 study reported that 94 percent of MBA students said they would be willing to forgo financial benefits to work for an organization with a better reputation for ethics.

What To Do

DRAW A DISTINCTION

With ethics you will get compliance but with compliance you may not get ethics. In short, don't merely ask 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.

PROMOTE A LONG TERM PERSPECTIVE

Short-term thinking yields only short-term results. One study observed what happened when firms shifted toward prioritizing shareholder value. These firms developed a "results orientation," and their managers sought to maximize what the firm valued most: sales. Although this led to a boost in financial performance in the first year, the emphasis on "getting results" damaged the firm's less tangible resources, such as its goodwill from customers and its employees. Researchers (Popadak) observed declines in customer focus, integrity, and collaboration among employees.

SHOW YOUR WORK

Highlighting efforts to promote ethics—both to internal and external audiences—illustrates the value placed on doing the right thing. It burnishes the organization's reputation and reinforces the sense that ethics is a priority for your firm. This, in turn, helps employees aspire to the ethical behavior your organization values.

MAKE A MOVE

Your organization's ethics function should look beyond regulatory compliance. It should cut across your entire company and foster collaboration to influence your company's culture. A dedicated ethics team can safeguard against a slide towards mere compliance. No matter where it's placed, it should be independent and well-resourced with access to all areas of your organization.

Where To Go Next

Ethical Systems' Ethics Pays Research Page:
<http://ethicalsystems.org/content/ethics-pays>

Popadak, J., A Corporate Culture Channel: How Increased Shareholder Governance Reduces Firm Value (October 25, 2013).

Treviño, L., and Nelson, K. Managing Business Ethics: Straight Talk About How To Do It Right, John Wiley & Sons 6th Edition, 2016.

Websites
ethicalsystems.org
ethicaleadership.nd.edu

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[@NDDCEL](https://twitter.com/NDDCEL)

SHAPING BEHAVIOR

Goals Gone Wild:

HOW AGGRESSIVE GOAL SETTING CAN LEAD TO UNETHICAL BEHAVIOR

What It Is

Business researchers and managers agree: goal setting "works." It increases employee persistence, effort, and performance. But might goal setting work negatively as well? Recent research has begun to recognize that aggressive goal setting can lead to unethical behavior in the workplace for several reasons:

1. Goals act as mental blinders that keep us from evaluating the ethicality of our behavior. Thus, we may be acting in unethical ways without our conscious knowledge (until it is too late).
2. In an effort to achieve a goal (especially with financial incentives and under threats of losing a job), it's easier to justify our bad behavior. Who hasn't heard of situations which managers say, "I don't care how you do it, just meet your numbers!"
3. Before we have met our goals, we are in a negative position relative to the reference point (goal), which is known as a "loss." Once we meet our goal, then we are in a "gain" situation relative to the goal. Research indicates being in a loss situation leads to riskier decisions than when in a gain situation. Given that unethical behavior is risky, we may well be willing to take the risk to meet our goal.
4. Research indicates that ethical behavior requires cognitive resources; when we are tired, we are more likely to behave unethically. When we strive to reach a goal, we increase effort, persistence, and performance, which reduces our cognitive resources. Thus, the core ways in which goals "work" may lead to unethical behavior.

Why It Matters

Many believe that if they only hire good, moral people, they can ensure an ethical environment. However, a great deal of research now suggests that context matters more than personal ethical belief systems. While there are people at both ends of the distribution (i.e., pathological liars or unwavering saints), most land somewhere in the middle—we hope to lead a virtuous life, but the situation can impact our choices.

Thus, it is imperative that we take a systems approach to designing organizations that encourage ethical behavior. While goals encourage effort, persistence, and increased performance, they may also help create a toxic environment in which ethical behavior is incongruent with success. For example, the CEO of Wells Fargo, John Stumpf announced in the wake of their customer cheating scandal that "We are eliminating product sales goals because we want to make certain our customers have full confidence that our retail bankers are always focused on the best interests of customers." By removing sales goals, they aim to create an environment in which employees could be rewarded by a higher-purpose: meeting the needs of customer in an ethical manner.

What To Do

The following methods can be used to employ goals to motivate employees while balancing their potential negative impact. These work best in combination with a values-based ethics program.

GOALS ARE A COMPASS, NOT A GPS

We want goals to guide our behavior (compass) rather than prescribe the exact time and location of our arrival (GPS). Often goals that are set at the beginning of the year become irrelevant by year-end due to unforeseen factors. Yet, employees continue to work toward meeting those distant goals due to the belief that they must be met. Allow employees to make course corrections while continuing on a general path.

DON'T PUNISH EMPLOYEES FOR NOT MEETING GOALS

If employees are punished (e.g., demotion or job loss) for missing targets, those and other employees may be more likely to risk acting unethically in order to meet future goals.

MONITOR BOTH THE "WHAT" AND THE "HOW"

Merely rewarding those who meet goals (the what) without regard to the way those goals are achieved (the how) communicates that only "hitting the numbers" matters. Evaluation systems that monitor and incentivize leaders to create supportive work environments will encourage them to think beyond the numbers about how they are meeting their goals.

DON'T "MANAGE BY NUMBERS"

Goal setting is more than just numerical targets. Engage with your employees to better understand what motivates them personally — it's not always about the financial reward. These are just one component of a robust performance management system.

TAP INTO INTRINSIC MOTIVATION

Reduce reliance on goals by appealing to employee's intrinsic motivation to perform. This can be done by highlighting the purpose of the work, making work more enjoyable, and offering opportunities for task improvement and advancement in the organization.

Where To Go Next

Ordóñez, L. D., Schweitzer, M. E., Galinsky, A. D., & Bazerman, M. H. (2009). Goals gone wild: The systematic side effects of overprescribing goal setting. *The Academy of Management Perspectives*, 23(1), 6-16.

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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



EthicalSystems

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- 1  **Jonathan Haidt: Introduction to Ethical Systems at Ethics By Design**
EthicalSystems 11:52
 - 2  **Nick Epley Keynote: Four Myths about Morality & Business at Ethics By Design**
EthicalSystems 34:00
 - 3  **Plenary 1: Ethical Culture: Defined and measured with Linda Trevino and Brian Beeghly:**
EthicalSystems 48:08
 - 4  **Plenary 2: Beyond Carrots and Sticks: Encouraging a speak up culture at Ethics By Design**
EthicalSystems 53:02
 - 5  **Plenary 3: Getting in Gear: Ethics as a driver of compliance at Ethics By Design**
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 - 6  **Ann Tenbrunsel Lightning Round: Ethics By Design**
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 - 7  **Robert Bloomfield Lightning Round: Ethics By Design**
EthicalSystems 7:05
-  **Daylian Cain Lightning Round: Ethics By Design**

Blog

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



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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.

President Trump fired.

[Continue Reading](#) →



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For media, collaboration, and research opportunities.

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