

# Maintaining ethical culture in a political whirlwind

Jonathan Haidt  
NYU-Stern



**Our mission is to make the world's best research available  
and accessible, for free, to anyone interested in  
improving the ethical culture and behavior of an organization.**

# I study:

- 1) **Business ethics** (especially how to use behavioral science to improve ethical culture)
- 2) **Political psychology** (especially the psychology of tribalism and political polarization)

# Line 1: Business Ethics



Accounting

Dodd-Frank

Compliance Programs

Leadership

Human Rights

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Our collaborators are among the top experts in the world on the topics we cover and serve as prominent researchers who have generated much of the academic content featured on Ethical Systems. They are practitioners who have distinguished themselves as leaders in their professional fields, and who are experts in linking the academic research to the practice of business.



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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**





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*New York University, Stern School of Business*

Areas of Research: **Corruption**



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Areas of Research: **Fairness**



**Robert Bloomfield**

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Areas of Research: **Accounting**



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Areas of Research: **Corporate Governance**



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*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**



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*New York University, Stern School of Business*

Areas of Research: **Corporate Governance**



**Robert Hurley**

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Areas of Research: **Trust**



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*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 / Public Policy**



**David Mayer**

*University of Michigan, Ross School of Business*

Areas of Research: **Leadership**



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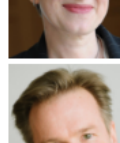
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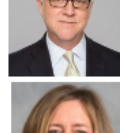
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- Executive Summary
- Accounting
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**Leadership**





# Leadership

When we say “the buck stops here,” what do we mean? When it comes to ethics, it means that we look to leaders to “lead” on ethics, and take responsibility for the results. Philosophers have been discussing ethical leadership (what leaders should do) for quite some time (see Joanne Ciulla’s work, e.g., [The Ethics of Leadership](#)) but the topic is relatively new as an area of social scientific study.

Leaders who lead ethically are role models, communicating the importance of ethical standards, holding their employees accountable to those standards, and -- crucially -- designing environments in which others work and live. As described below, ethical leadership has been shown to cause a host of positive outcomes, and to reduce the risk of many negative outcomes. **Leadership may therefore be the most important lever in an ethical system designed to support ethical conduct.**

## CONTENTS

[Ideas to Apply](#)

[Areas of Research](#)

[Case Studies](#)



## AREAS OF RESEARCH

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- **Do ethical leaders have special characteristics?** Anyone can become an ethical leader, but researchers have found a few traits that are more commonly found in leaders who are rated by their followers as being ethical leaders. These traits include: 1) conscientiousness (Walumbwa & Schaubroeck (2009); Kalshoven, Den Hartog, and DeHoogh (2011)), which means being thorough, careful, or vigilant; 2) Moral identity (Mayer et al., 2012), which means how important it is for an individual to define himself as a good person with moral traits; and 3) Cognitive moral development, an individual difference that concerns how sophisticated one's thinking is about ethical issues (Jordan et al., 2013).
- **How do people become ethical leaders?** We have some evidence that having had an ethical role model can contribute to being perceived by one's followers as an ethical leader (Brown & Trevino, 2013). But we need a lot more research on this question. For example, can ethical leaders be trained/developed?
- **Does ethical leadership matter?** It absolutely does - a lot. Followers who rate their leader as more ethical have more favorable job attitudes such as job satisfaction and commitment. They are also less likely to report intentions to leave the organization. This is because followers are attracted to ethical role models who care about them, treat them fairly, and set high ethical standards.

Ethical leadership is also associated with more helpful behavior from employees, perhaps because ethical leaders model helpful behavior (Mayer et al., 2009; Walumbwa & Schaubroeck, 2009). Ethical leadership also reduces deviant or unethical behavior in followers (Mayer et al., 2009; Mayer et al., 2012). Again, ethical leaders are role models, and followers learn how to behave by observing them (Moore, et al. 2014). When unethical acts do occur in the social environment, employees who have an ethical leader are more likely to report the wrongdoing to management because ethical leaders create a psychologically safe environment and are trusted to handle reports fairly and with care (Mayer et al., 2013).

## IDEAS TO APPLY (Based on research covered below)

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- **Make ethics a clear priority.** Being an ethical leader means going beyond being a good person. Ethical leaders make ethics a clear and consistent part of their agendas, set standards, model appropriate behavior, and hold everyone accountable.
- **Make ethical culture a part of every personnel-related function in your organization.** Leaders must work hard through hiring, training, and performance management systems to bring in the right employees and then help employees internalize the organization's underlying values.
- **Encourage, measure, and reward ethical leadership at multiple levels.** Ethical leadership from the top is very important (because it creates an environment in which lower-level ethical leaders can flourish), but ethical leadership at the supervisory level has a huge impact on followers' attitudes and behavior. Organizations may want to channel resources toward developing ethical leadership in their supervisory-level leaders.

## CASE STUDIES

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### Failures

- Enron Jeff Skilling and Kenneth Lay ([Watch online: "The Smartest Guys in the Room"](#)) Notice how Jeff Skilling created an environment at Enron in which unethical behavior could flourish, based on his understanding of Darwinian evolution and the principle of "survival of the fittest." Leaders are responsible for creating the environment in which their employees work; in this case, the environment readily enabled unethical behavior.

### Successes

- James Burke was CEO of Johnson & Johnson in the early 1980s when the company's McNeil Division was hit with a crisis: Tylenol in Chicago drugstores had been laced with cyanide and seven people died. Burke responded with a recall of 31 million bottles and set up a

## TO LEARN MORE

### Articles – Academic

- [Biggerstaff, L. Cicero D, & Puckett, A. \(2014\)](#). Suspect CEOs, unethical culture, and corporate misbehavior. *Journal of Financial Economics*, 20-86
- [Brown, M. E. & Mitchell, M. S. \(2010\)](#). Ethical and unethical leadership: Exploring new avenues for future research. *Business Ethics Quarterly*, 20, 583–616.
- [Brown, M. E., Treviño, L. K., & Harrison, D. A. \(2005\)](#). Ethical leadership: A social learning perspective for construct development and testing. *Organizational Behavior and Human Decision Processes*, 97, 117–134.

### Articles – Practitioner

- [Banaji, M., Bazerman, M., & Chugh, D. \(2003\)](#). How (un)ethical are you? *Harvard Business Review*, 81, 56-64.
- [Bazerman, M. H., & Tenbrunsel, A. E. \(2011\)](#). Ethical breakdowns. Good people often let bad things happen. Why? *Harvard Business Review*, 89, 58-65.
- [Messick, D. M., & Bazerman, M. H. \(1996\)](#). Ethical leadership and the psychology of decision making. *Sloan Management Review*, 37, 9-22.

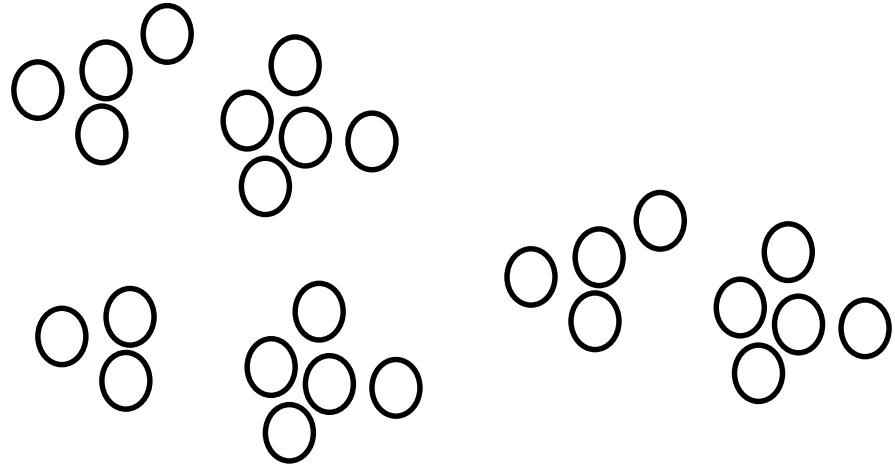
### Videos

- In a radio interview, [Nick Epley](#) talks about understanding the human mind, particularly the minds of others, which is no doubt vital in leading others:

Nick Epley On Mindwise: How We Understand ...



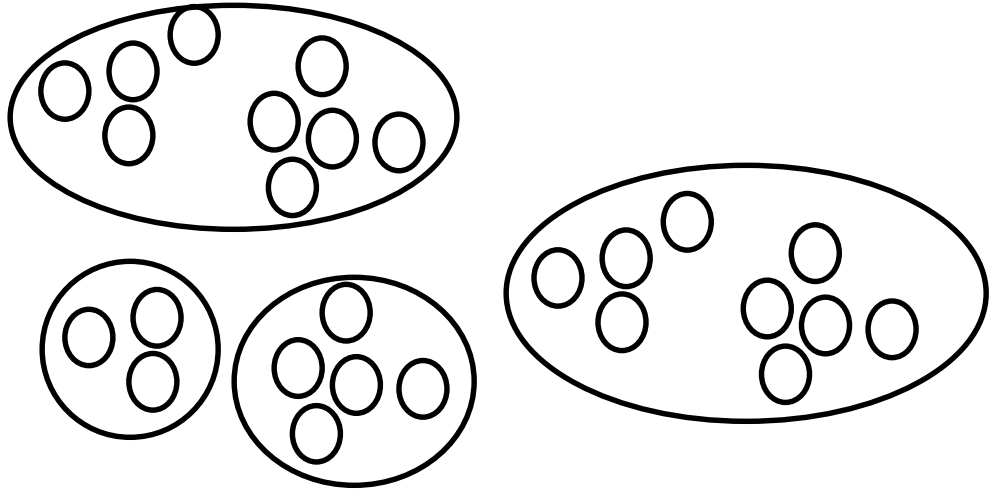
# Ethical Systems Design: 3 levels of analysis



## 1: Individuals

--Nudges to increase trust & coop

# Ethical Systems Design: 3 levels of analysis



## 2: Groups

--Norms, Ethical culture

## 1: Individuals

--Nudges to increase trust & coop

# Ethical Systems Design: 3 levels of analysis

## 3: National & International Ecosystem

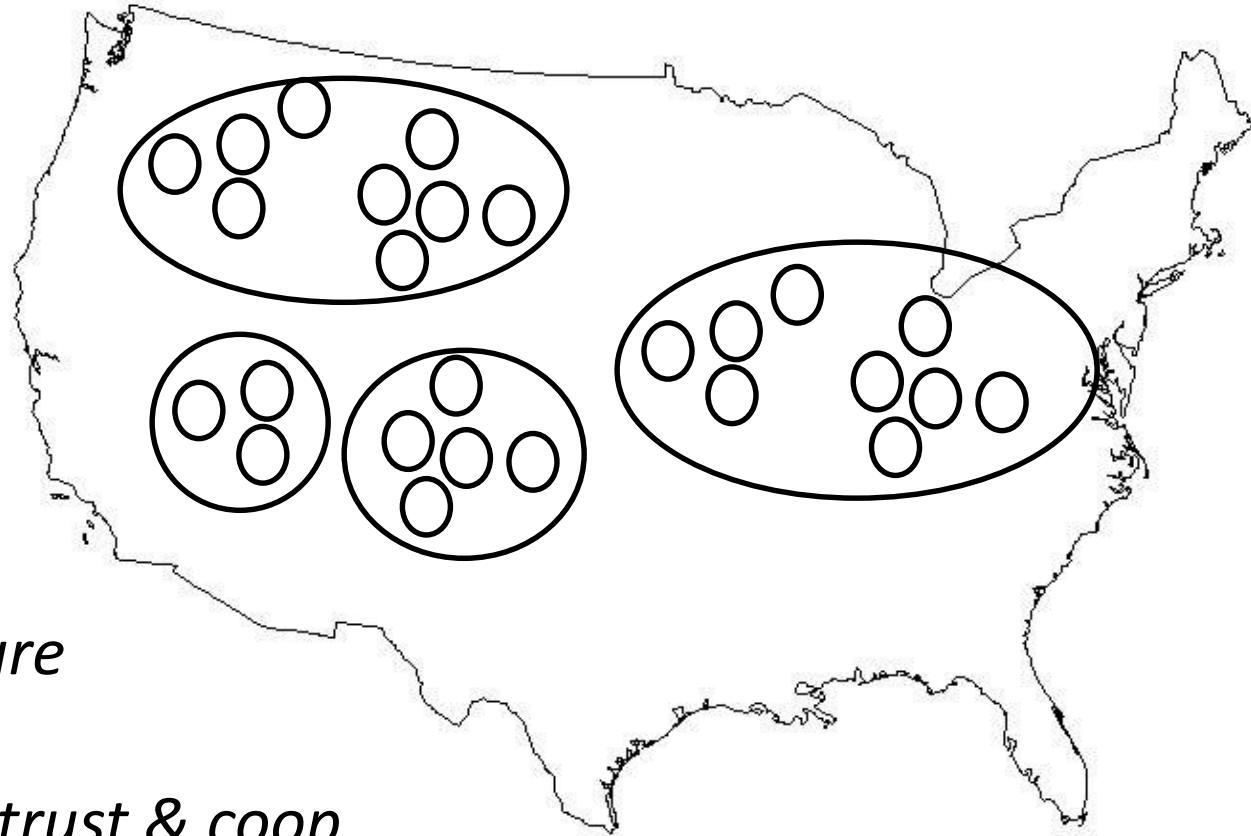
--Laws, national cultures, investors

## 2: Groups

--Norms, Ethical culture

## 1: Individuals

--Nudges to increase trust & coop



# The Righteous Mind

Why Good People  
are Divided  
by Politics and  
Religion

Jonathan Haidt

Line 2:  
Moral and  
Political  
Psychology

"A landmark contribution to humanity's understanding of itself."  
—*The New York Times Book Review*

# THE RIGHTEOUS MIND

WHY GOOD  
PEOPLE ARE DIVIDED  
BY POLITICS AND  
RELIGION



JONATHAN  
HAIDT





## Our Mission

To provide evidence-based support to groups working to promote inter-group civility and mutual understanding. We draw from the behavioral sciences—particularly social psychology—to create effective interventions and measurement tools, which will enable each group to tailor programs that best fit their own needs. We also aim to make research findings widely available to groups and individuals who want to promote civility.

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Jonathan Haidt at TED2008

# The moral roots of liberals and conservatives

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Jonathan Haidt at TEDSalon NY2012

# How common threats can make common (political) ground

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Jonathan Haidt at TEDNYC

# Can a divided America heal?



Jonathan Haidt | TED2012

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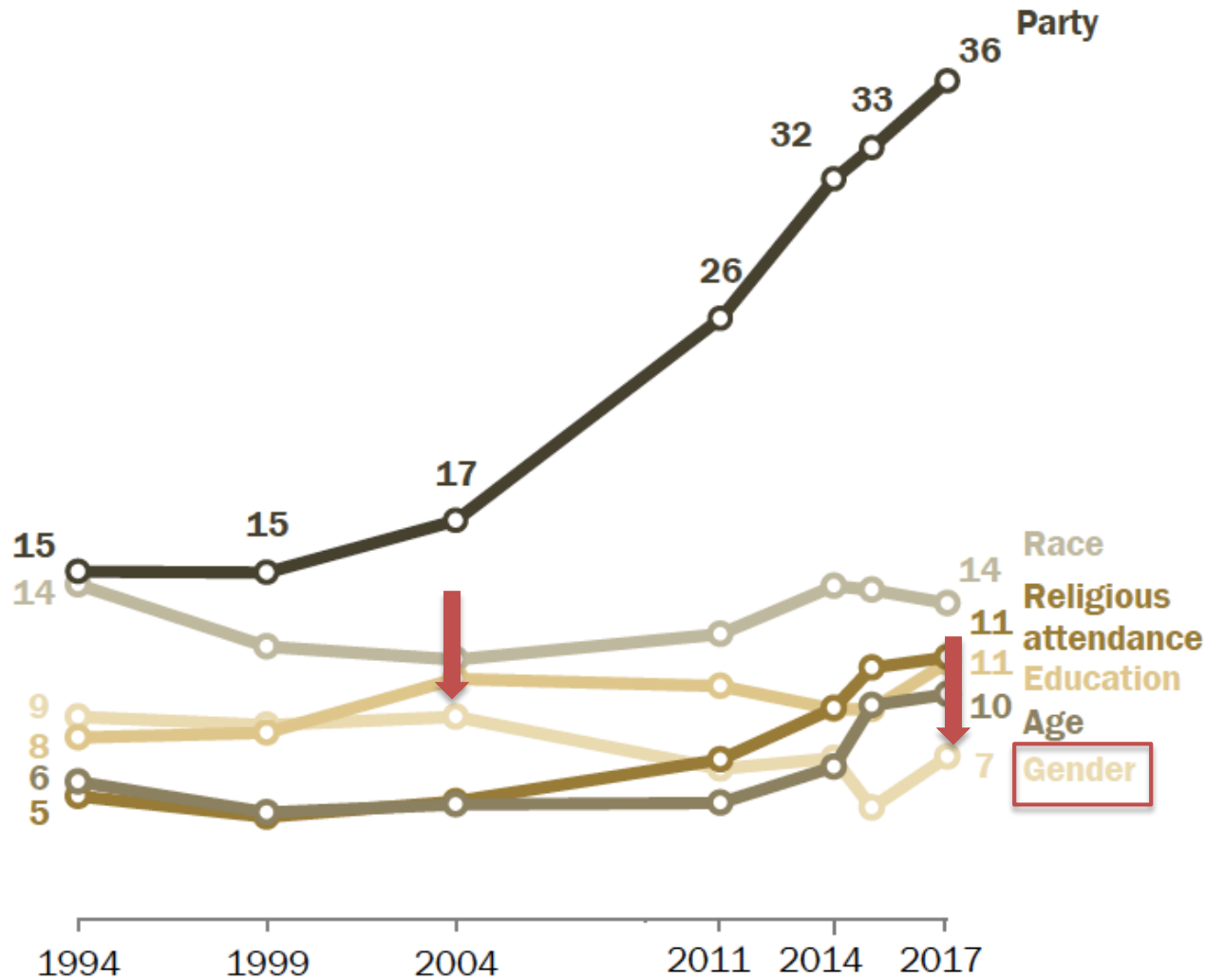
FOR RELEASE OCTOBER 5, 2017

# The Partisan Divide on Political Values Grows Even Wider

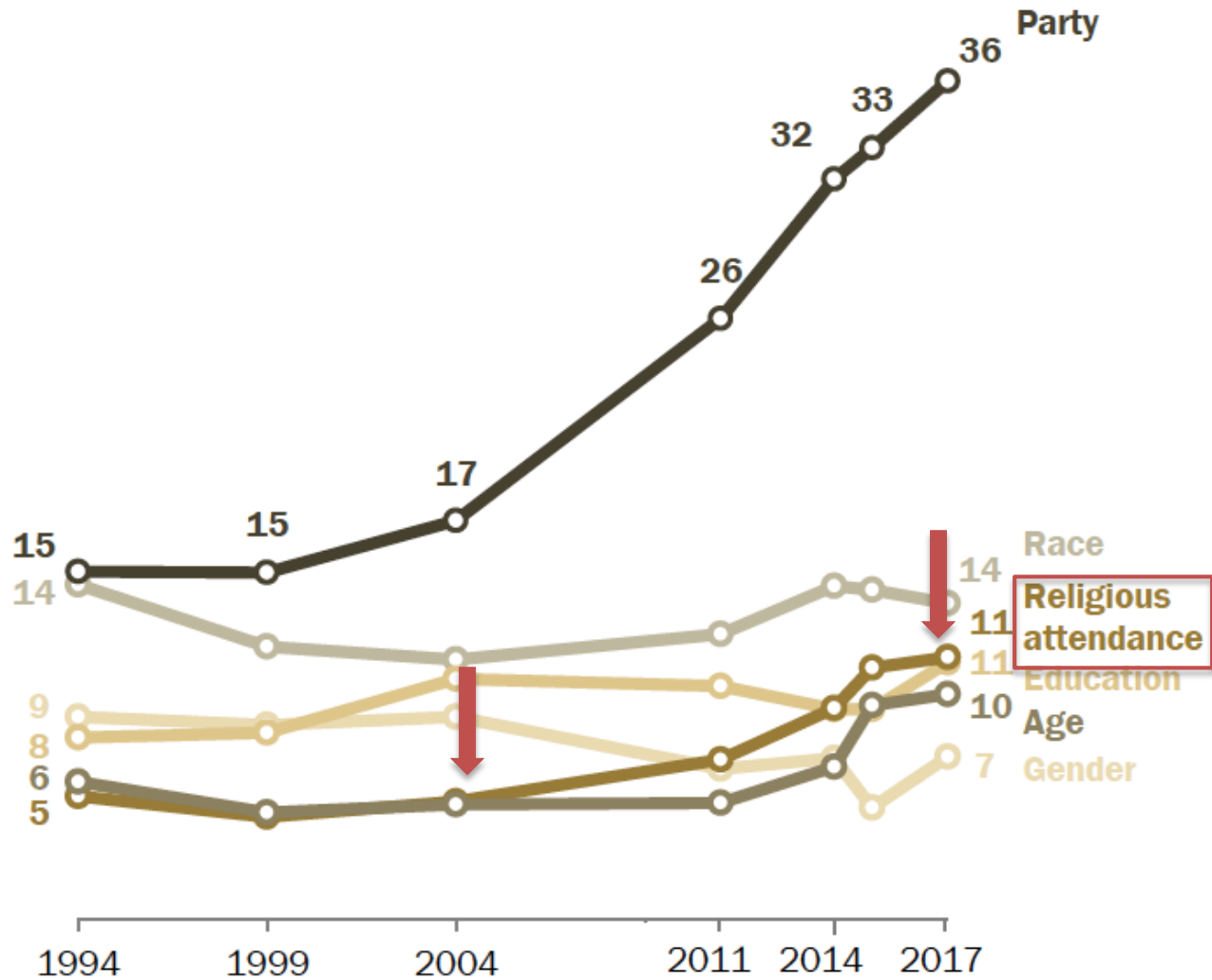
*Sharp shifts among Democrats on aid to needy, race, immigration*

(Basket of 10 items asked since 1994, also includes:  
Govt, Environmental reg, homosexuality, and “peace through strength”)

Pew, 2017:  
Avg. diff On  
basket Of 10  
attitude items



Pew, 2017:  
Avg. diff On  
basket Of 10  
attitude items



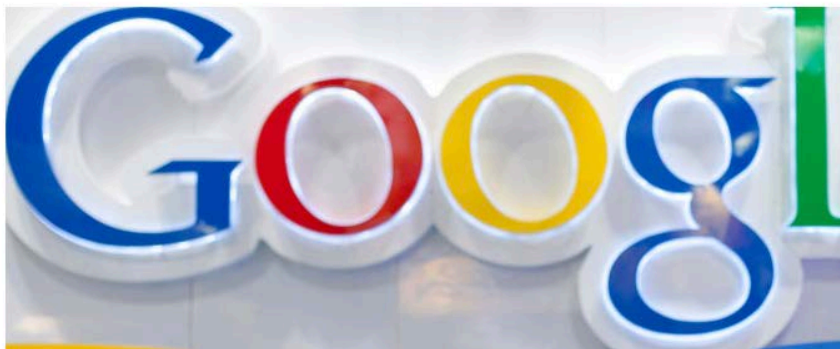
# The Convergence: August, 2017

Exclusive: Here's The Full 10-Page Anti-Diversity  
Screed Circulating Internally at Google [Updated]

August 5-11

August 11-12

 Kate Conger  
8/05/17 4:30pm



# Why I Was Fired by Google

James Damore says his good-faith effort to discuss differences between men and women in tech couldn't be tolerated in the company's 'ideological echo chamber'



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## Most Popular Videos

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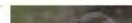


5. What Picking Up an Apple Tells You About the Future of Robotics



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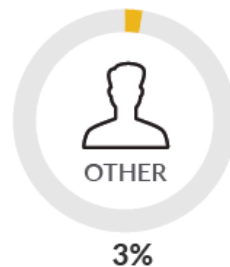
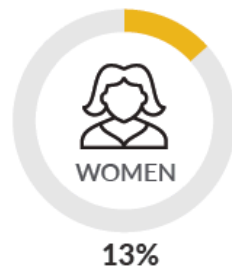
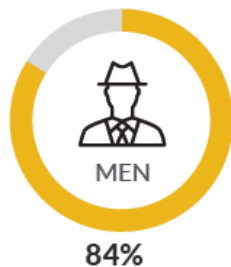
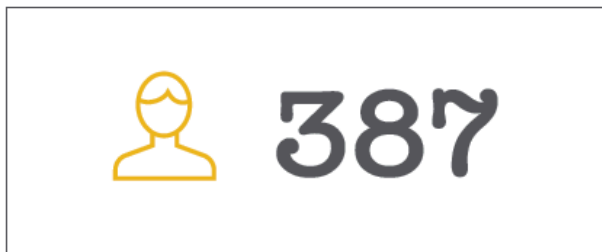
- July: James Damore returns from diversity training, writes an internal memo about why he thinks Google's approach is wrong. Title: "Google's Ideological Echo Chamber"
- Reviews psych research on gender diffs; focuses on diffs of interest & personality, not ability
- Aug 5: Memo is leaked, leads to widespread outrage
- Aug 7: Fired for violating workplace code of conduct.
- Each political team takes the episode as evidence of its grievances against the other
- Increased focus within companies on underrepresented groups





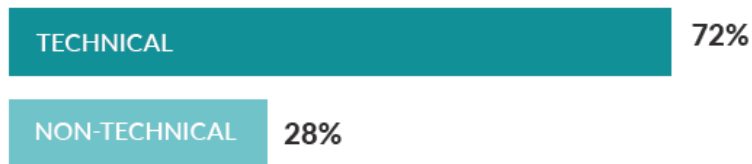
**Viewpoint Diversity in Tech:  
Reality or Myth?**

## Total Number of Responses

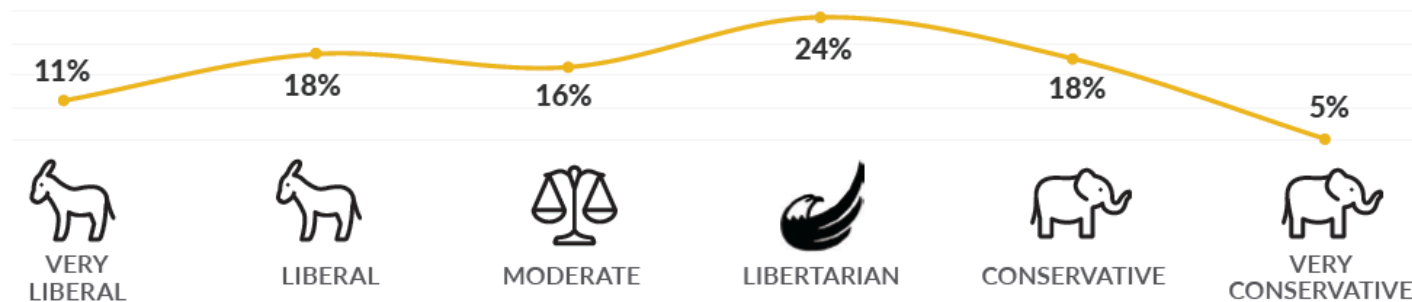


## Sample of Self-Identified Employers

ALPHABET      FACEBOOK      McAfee  
AMAZON        GOOGLE        MICROSOFT  
APPLE          INSTACART    PAYPAL  
DROPBOX      INTEL         SALESFORCE  
*+ Numerous Startups*



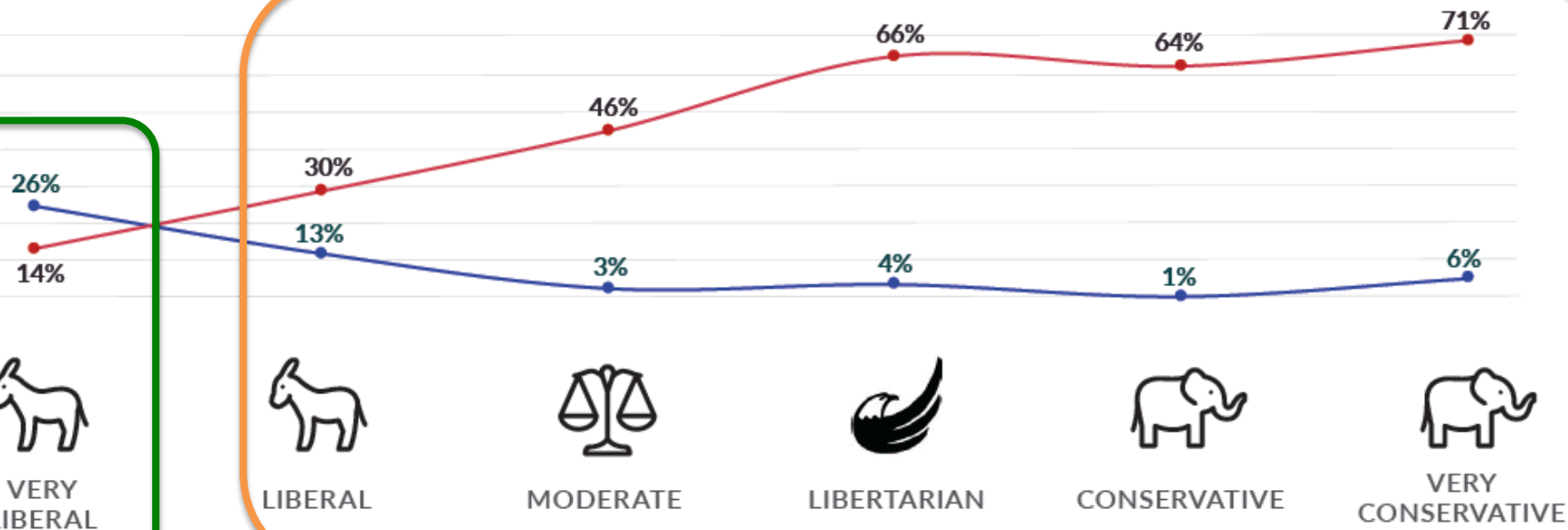
## Ideological Identification



# Following the Google “Diversity Memo” and Google’s response, do you feel more or less comfortable sharing your ideological viewpoints with colleagues?

Less comfortable sharing

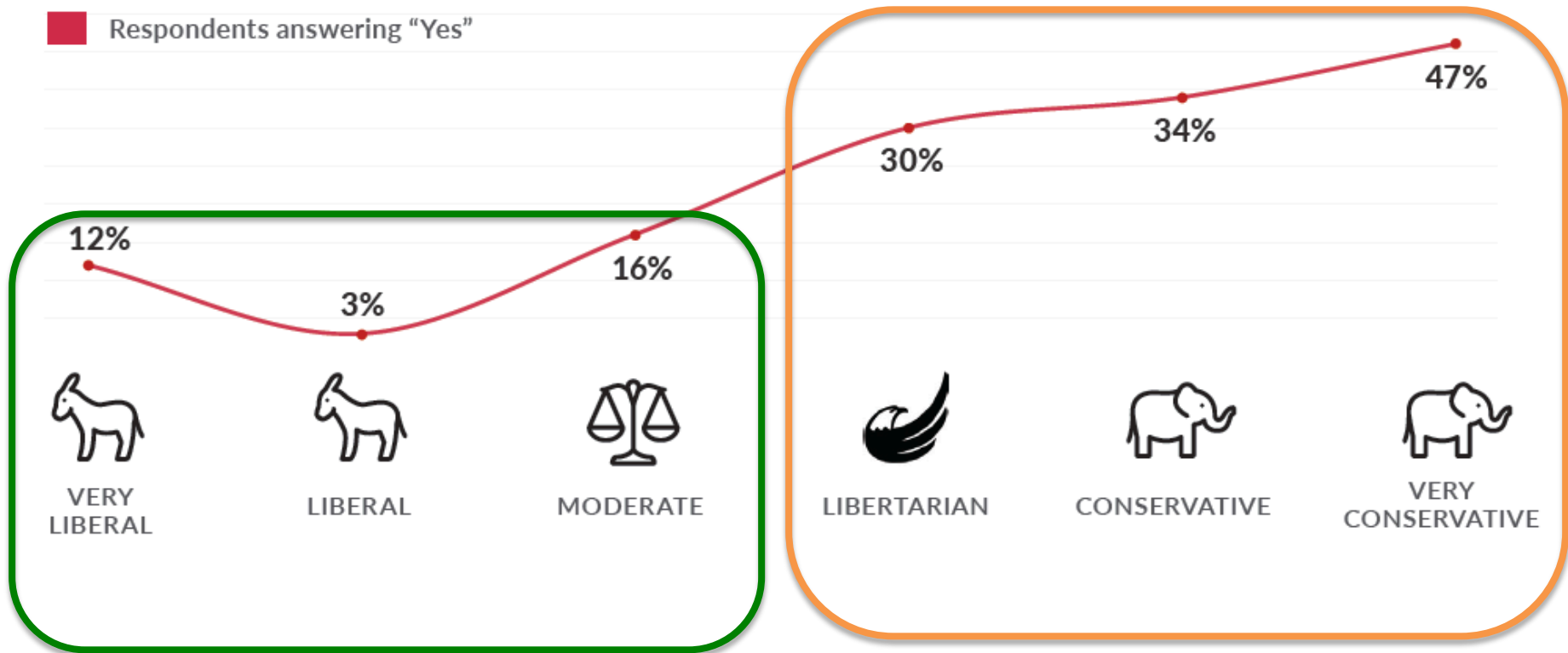
More comfortable sharing



# I feel my ideological views being at odds with my workplace norms affects my ability to do my best work.



Respondents answering "Yes"



## Conservative respondent:

*“Fortunately, the severe examples of this problem appear to be limited to the larger, public firms, unlike my own, as they employ greater numbers of very young, recent grads who are exhibiting this extreme political-correctness policing and desire to invoke policing forces against others.”*

Jean M. Twenge, PhD  
author of *Generation Me*

iGen



Why Today's  
Super-Connected  
Kids Are Growing Up  
Less Rebellious, More  
Tolerant, Less Happy—  
and Completely  
Unprepared for  
Adulthood\*

\*and What That Means for the Rest of Us

Millennial generation: 1982-2000?

Jean M. Twenge, PhD

author of *Generation Me*

iGen



Why Today's  
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Adulthood\*

\*and What That Means for the Rest of Us

~~Millennial generation: 1982-2000?~~

Millennial generation: 1982-1994

iGen: 1995-?

Big changes in the data on college students beginning around 2012, class that graduated in 2016

# 'Bell Curve' author attacked by protesters at Middlebury College



## Top 10 Trending Articles

Most Viewed

Most Commented

In Brookline, a house and two sisters al

Boston Medical Center gets its largest gi  
fight drug addiction

Trump's travel order to apply to those s

Inside Trump's fury: The president rage  
setbacks, and accusations

Attack on conservative speaker stuns M  
College campus

White House aides defend wiretap claim

How the baby boomers destroyed everyl

Peter Abraham: Projecting the Red Sox

Publicly subsidized garage projects com

Fact check: Trump's 'evidence' for Oban  
claims



# Growing up slowly; has less “life experience”

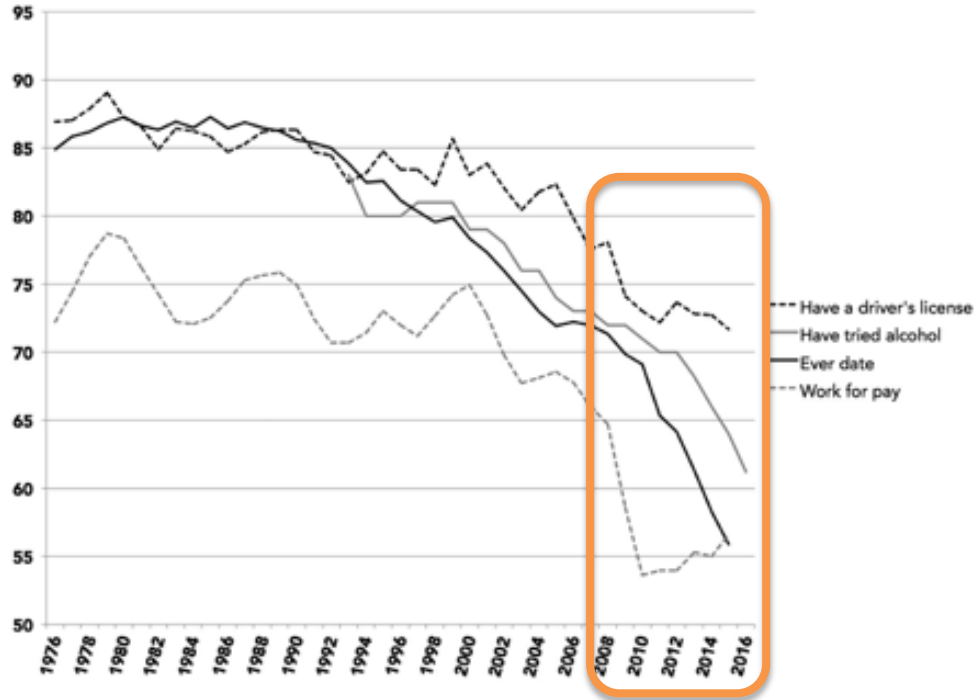
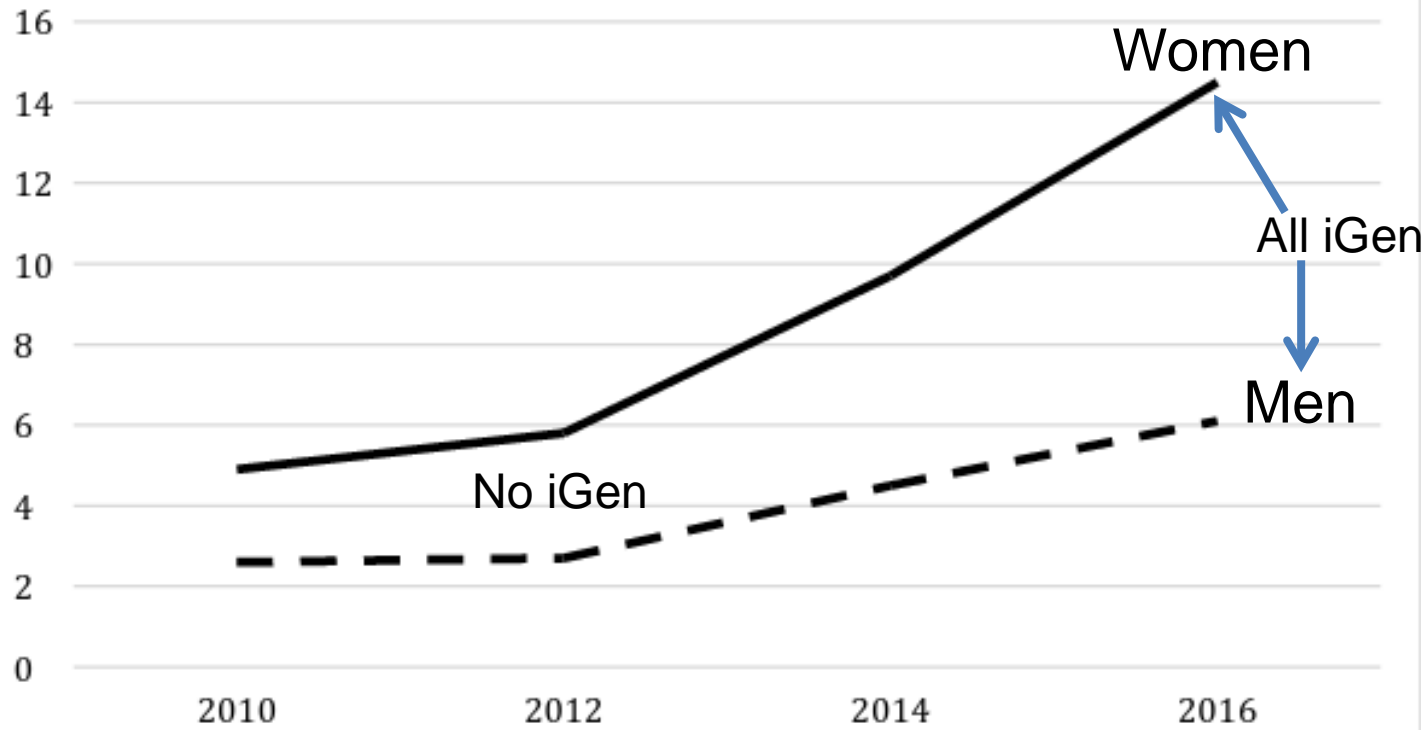


Figure 1.13. Percentage of 12th graders who have a driver's license, have ever tried alcohol, who ever go out on dates, and who worked for pay at all during the school year. Monitoring the Future, 1976–2016.

# Do you have a Psychological Disorder (Depression, etc.)? (% of students indicating "yes")



*Data from Higher  
Education  
Research Institute*

Bradley Campbell & Jason Manning

# THE RISE OF VICTIMHOOD CULTURE

*Microaggressions, Safe Spaces,  
and the New Culture Wars*



Claim: Increasingly, young people have learned to compete for status by emphasizing victimhood. React strongly to small things.

- women and men
- black and white
- left and right

# Two Suits Catch Google in Middle of Gender Debate

Former engineer James Damore sues over discrimination, a week after women file suit



The former Google employee James Damore suggested in his memo that men were better suited than women for certain tech jobs. PHOTO: ANDREJ SOKOLOW/ZUMA PRESS

## Most Popular Videos

1. What Picking Up an Apple Tells You About the Future of Robotics



2. How to Run a Better Meeting: Advice From Extremely Successful People



3. Why It Feels Like Facebook Is Listening Through Your Mic



4. Samsung Galaxy S9: Putting the Camera to the Test



5. How Russian Trolls Collected Americans' Personal Information







President Trump delivers a statement on the deadly protests in Charlottesville on August 14, 2017.

## Trump Breaks a Taboo— and Pays the Price

The past week brought violent conflict over symbols and values held sacred—and an act of sacrilege.

JONATHAN HAIDT | AUG 21, 2017 | **POLITICS**



POUSAC

# Merck CEO Quits Trump Council Over President's Charlottesville Response



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An aerial view of a busy street intersection. In the upper left, a blue banner with the word "LIVE" in white capital letters is positioned. The scene shows several yellow school buses, a red fire truck, a white ambulance, and other emergency vehicles. A large crowd of people is gathered in the middle of the intersection and along the sidewalk. In the lower left, a red and white logo with the number "7" is visible. At the bottom, a blue banner contains the text "SPECIAL REPORT" in white, followed by "SHOOTING AT MARJORY STONEMAN DOUGLAS HIGH IN PARKLAND" in white capital letters. The background shows a multi-lane road with cars, a grassy area with trees, and a building in the distance.

**LIVE**



**SPECIAL REPORT**

**SHOOTING AT MARJORY STONEMAN  
DOUGLAS HIGH IN PARKLAND**



# Delta Just Doubled Down on Its Decision to Cut Ties With the NRA



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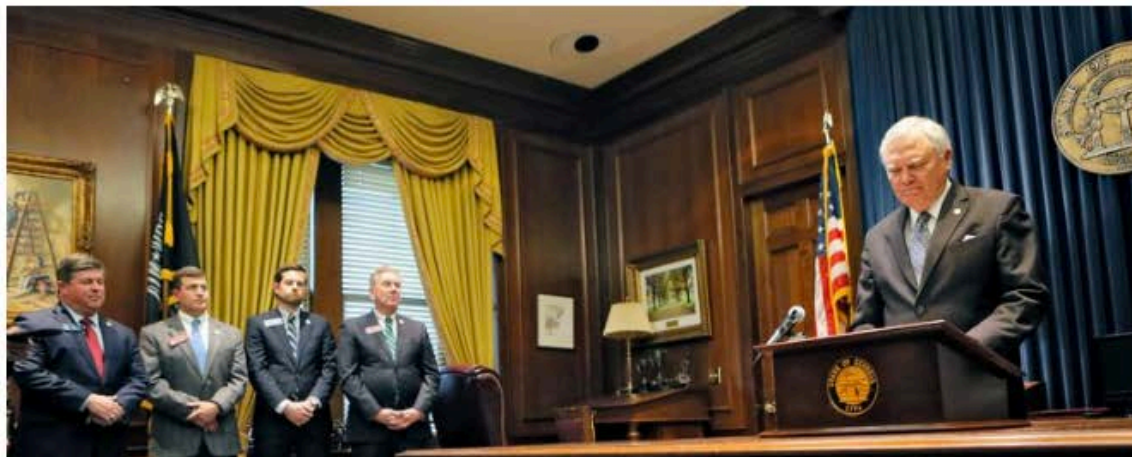
**The Perfect Body, According to Men**

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# Georgia Passes Bill That Stings Delta Over N.R.A. Position

By RICHARD FAUSSET MARCH 1, 2018



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[Georgia Republicans Vow to Kill Airline Tax-Cut Bill After Delta Ends N.R.A. Discount](#) FEB. 26, 2018

# Our Newest Culture Warriors: Activist C.E.O.s

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By AARON K. CHATTERJI MARCH 2, 2018

## *The Moral Voice of Corporate America*



Minh Uong/The New York Times

By David Gelles Aug. 19, 2017

## The Rise of Woke Capital

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**Ross Douthat**

FEB. 28, 2018

# Summing up:

- America has had rising political polarization and animosity since 1990s
- Trump election & behavior has intensified existing trends
- There is increasing pressures from customers and employees to take a stand
- More groups now claim victimhood, willing to sue
- Declining trust: Speak-up culture is now much harder
- Leaders of most institutions are in a more perilous position than they were 2 years ago

# How to lead in polarized times?

## 3: National & International Ecosystem

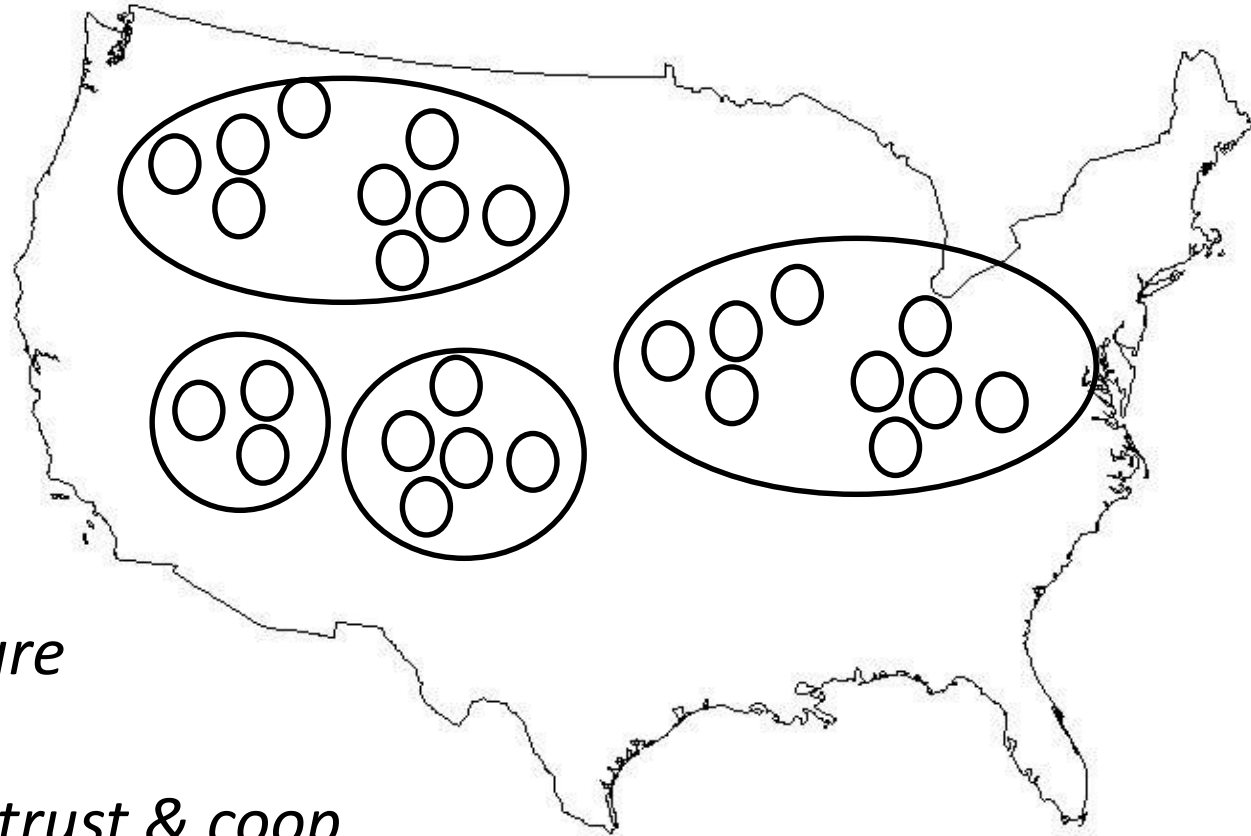
--Laws, national cultures, investors

## 2: Groups

--Norms, Ethical culture

## 1: Individuals

--Nudges to increase trust & coop



# Merck C.E.O. Ken Frazier on Death Row Cases and the Corporate Soul

By **David Gelles** March 9, 2018



The role of the chief executive has never been more complex—or more consequential. Business leaders today are reshaping the internet, reimagining health care, upending transportation and more...

# Merck C.E.O. Ken Frazier on Death Row Cases and the Corporate Soul

By **David Gelles** March 9, 2018



But being a chief executive is no longer just about running a company. It means taking political stands on everything from immigration to gun rights. It means weighing in on tariffs and taxes — all while balancing short-term profits with long-term goals, dealing with activist investors and attracting talented employees.

# Psychological principles:

- 1) Emphasize common identities and shared fate, OFA-AFO. Shared sacrifice.
- 2) Emphasize shared threat: risk of being torn apart
- 3) Emphasize and model giving the benefit of the doubt
- 4) Listen, then acknowledge what matters most to each group
- 5) Encourage people to NOT bring whole self to work; leave politics outside.



# Ethics and compliance in polarized times?

## 3: National & International Ecosystem

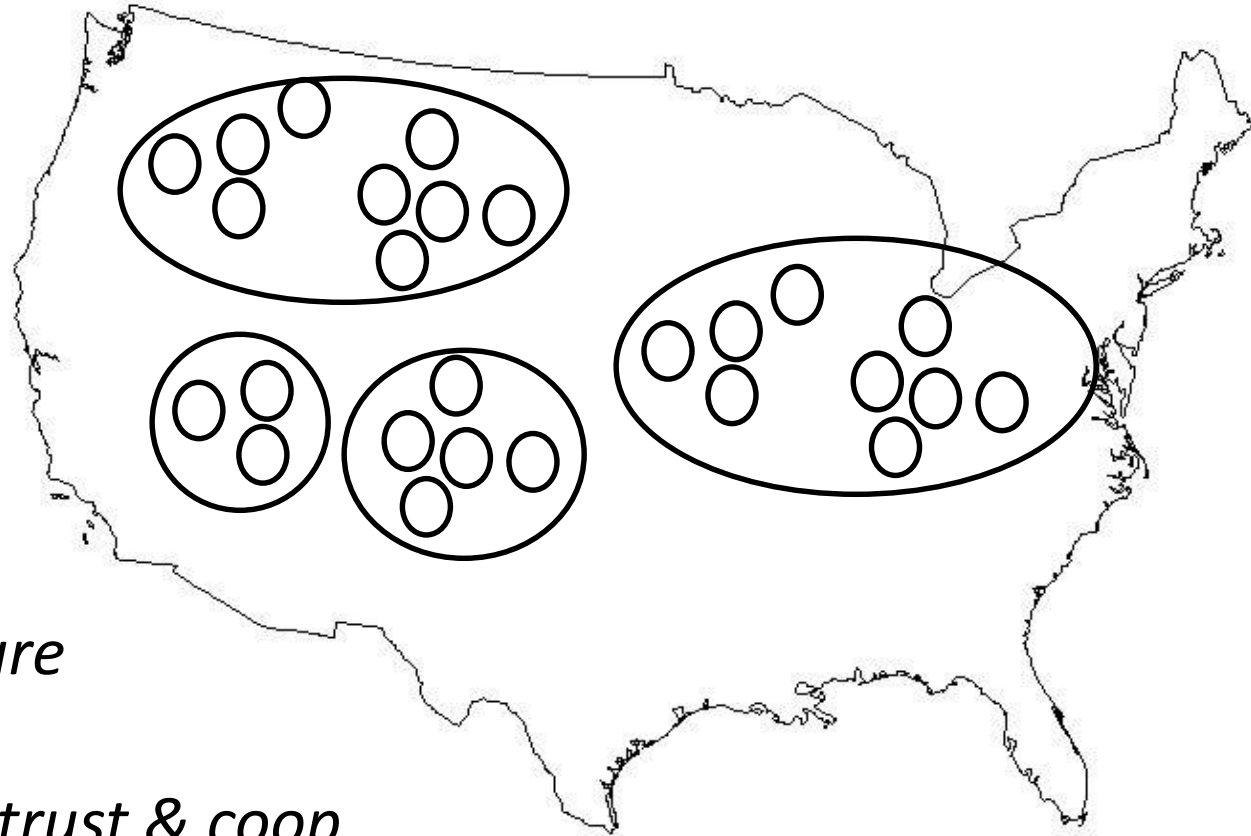
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# Specific ideas:

- 1) Avoid formal/bureaucratic solutions when possible: they encourage victimhood culture.
- 2) Consider an ombuds: social skills to work behind the scenes, keep information flowing
- 3) Measure and monitor ethical culture, esp. trust in management & peers; speakup-culture
- 4) Directly address politics as a type of diversity
- 5) Encourage people to NOT bring politics to work

# Contact Ethical Systems

Azish Filabi, Executive Director

[afilabi@ethicalsystems.org](mailto:afilabi@ethicalsystems.org)

Jeremy Willinger, Director of Communications

[willinger@ethicalsystems.org](mailto:willinger@ethicalsystems.org)



**Our mission is to make the world's best research available  
and accessible, for free, to anyone interested in  
improving the ethical culture and behavior of an organization.**