ETHICAL LEARNING: RELEASING THE MORAL UNICORN

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Abstract

The reality of bounded ethicality is that ethical perfection is psychologically infeasible, resulting in a gap between one's ethical self-view and one's actual behavior. We offer a framework for addressing this gap and improving ethical behavior. Integrating research about ethical decision-making with research about the self, we argue that self-threat is a pervasive obstacle to improving ethical behavior, particularly in organizational environments. We introduce the concept of ethical learning, defined as the active engagement in efforts to close the gap between one's self-view and one's actual behavior. We define ethical learners as those engaged in closing this gap, who tend to possess a central moral identity (they care about being ethical), psychological literacy (an awareness that a gap exists), and a growth mindset (the belief that purposeful effort can improve ethical behavior). We also describe an important team-level condition for translating ethical learning into improvements in ethical behavior: psychological safety (the belief that the team is a safe place for learning from failure). Our framework of ethical learning provides both individuals and organizations with a new approach to addressing bounded ethicality and improving ethical behavior.

Key words: ethics, morality, learning, self-threat, mindset, moral identity, psychological safety, bounded ethicality

"Of all the legendary animals of art, folklore, and literature, the Unicorn is the one with the greatest hold on our imaginations. Other fabulous beasts are clearly inventions, existing only in a mythical landscape of our own collective creation. But the Unicorn strikes us as more than imaginary. It seems possible, even probable - a creature so likely that it ought to exist" (Nancy Hathaway 1987: 3).

Unbounded ethicality and unbounded rationality are the unicorns of social science: persistent in our imaginations and representative of the beauty we crave in the world, but lacking empirical support. Like the unicorn, such behavioral elegance feels like it "ought to exist". The concepts of bounded rationality (Simon 1957) and bounded ethicality (Chugh et al. 2005; Chugh and Kern, working paper) offer more empirically valid representations of reality, reminding us that we and others are not only prone to departures from rationality and ethicality in our behavior, but that these departures are the outcome of systematic and ordinary psychological processes.

Still, despite the reveal of the illusion of the moral unicorn, we cling to what it offers, an alternate reality in which good people are ethically infallible, and in which we (all of us) are amongst the good. Many people care about being ethical (Aquino and Reed 2002; Higgins 1987; Mazar et al. 2008; Nisan 1991). And, not only do people care about being ethical, they also believe that they are ethical (Tenbrunsel 1998). Despite caring about ethicality and believing in their own ethicality, ample evidence suggests that there is a significant gap between how people view their own ethicality and how ethically people actually behave (Bazerman and Tenbrunsel 2011). But, our "bounded ethicality" is often outside of awareness (Chugh et al. 2005;

Tenbrunsel and Smith-Crowe 2008), allowing for the illusion of the unicorn to persist despite evidence contradicting its existence.

The evidence for this gap is significant. Most of us believe that we are more ethical than the majority of our peers, which is a statistically untenable belief for at least some of us (Tenbrunsel 1998). We tend to mispredict our future behavior, overestimating the likelihood that we would behave in socially desirable ways (Epley and Dunning 2000). We overclaim credit for group work (Caruso et al 2006). We hold others to high moral standards while falling short of those standards in our own behavior (Batson et al. 1997; Batson et al.1999; Lammers et al. 2010). We hold implicit biases that directly contradict our self-reported intentions about equality (Greenwald and Banaji 1995; Nosek et al. 2007). In short, we stubbornly hold on to an ethical self-view, even though our actual behavior may sometimes contradict this self-view.

Descriptive research documenting this gap has proliferated in recent years, perhaps leaving some readers of such scholarship yearning for even the fictional and hopeful hint of a unicorn. In this chapter, we cannot deliver a normatively attractive but empirically unsupported unicorn in the face of the massive evidence revealing that the moral unicorn is an illusion. But we do strive towards prescription. We hope to point both individuals and organizations towards a path which both acknowledges the descriptive reality of bounded ethicality, and leverages this reality towards a prescriptive vision of how to close the gap between our self-view and our actual behavior. In other words, we advise individuals and organizations on how to close this gap in a world in which unicorns do not exist.

To this end of closing the gap, we propose a framework for facilitating the emergence of *ethical learning* and *ethical learners* in organizations. We define ethical learning as the active engagement in efforts to close the gap between one's self-view and one's actual behavior, and

we define ethical learners as those engaged in closing this gap. The reality of bounded ethicality is that ethical perfection is psychologically infeasible, and thus, we are intentional in speaking of efforts to close the gap, rather than the actual and complete closing of the gap. In other words, ethical learning is not an outcome, but a process. Furthermore, consistent with recent conceptualizations of bounded ethicality as a dynamic and cyclical process (Chugh and Kern, working paper), ethical learning is a process that is ongoing and lacking in a distinct start or end point.

Ethical learners are actively engaged in this ongoing process, which draws on three attributes, each of which can be cultivated by the individual. First, ethical learning is more likely to occur when the individual places great importance on being ethical (known as having a central moral identity [Aquino and Reed 2002]). Second, ethical learning is more likely to occur when individuals understand and accept that a gap exists between how we see ourselves and our actual ethical behavior, because of the small ethical lapses to which we are all prone (an understanding that we refer to as "psychological literacy"). Third, ethical learning is more likely to occur when individuals – having acknowledged the realities of their ethical lapses – believe that effort will enable them to behave and become more ethical (known as having a growth mindset [Dweck 2006] in ethics). In this chapter, we will argue that with these three (necessary, though not independently sufficient) qualities of a central moral identity, psychological literacy, and a growth mindset, individuals will be better able to close the gap between their self-view and ethical behaviors. Furthermore, we will use the organization as the context for our framework of ethical learning, in which psychological safety (Edmondson 1999) is the critical condition needed for ethical learners to actually improve their ethical behavior.

Self-~~threat~~ Threat and the Gap

How can we help people act as ethical learners? Our goal in this section of the chapter is to demonstrate how self-threat[1] is a formidable obstacle to acknowledging and closing the gap and therefore, to ethical learning. By establishing the relevance of self-threat, we lay the foundation for our ethical learning framework which focuses on the reduction of self-threat, both at the individual and team levels.

Self-~~View~~ view and ~~Self~~self-~~t~~Threat

A fundamental tenet of the self literature is that we are not neutral or indifferent with regard to our self-view; rather, we care deeply about our self-concept and self-esteem – known collectively as our self-view (Sedikides 2012) – so much so that self-esteem boosts are valued more than eating a favorite food, engaging in a favorite sexual activity, drinking alcohol, receiving a paycheck, or seeing a best friend (Bushman et al. 2011). We are motivated to both protect and enhance our self-view (Alicke and Sedikides 2009).

A self-threat challenges this self-view (Baumeister et al.1996; Campbell and Sedikides 1999; Leary et al. 2009). Because most people have a strong desire to see themselves and be seen by others as ethical (Higgins 1987; Mazar et al. 2008; Nisan 1991), any challenge to this ethical self-view is a threat. For example, self-threat can be an actual or feared failure experience – such as when I do something unethical – or even when I am tempted to do

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[1] Self-threat (Campbell and Sedikides 1999) and ego threat (Baumeister et al. 1993; Baumeister et al. 1996) are often used to describe similar concepts. For parsimony, we use the term self-threat but make reference to research about both self- and ego-threat.

something unethical (and the real or imagined experience of committing this unethical act contradicts and therefore, challenges my self-view of being ethical). Self-threat can be a perceived or real devaluation of one's self-view; this occurs when I think, either accurately or inaccurately, that others no longer view me as ethical. Or, self-threat might be an internally-felt doubt, such as when I wonder if I am as ethical as others or when a moral exemplar behaves far more ethically than I am, again challenging my self-view.

Self-Enhancement enhancement and Selfself-Protection protection Processesprocesses

Whether real or perceived, self-threats instantiate strivings to counteract the threat through a variety of behavioral and cognitive mechanisms (Sedikides 2012) which are collectively known as self-protection. Even in the absence of self-threat, self-enhancement processes are continually ensuring that one's self-view is sustained on an ongoing basis (Alicke and Sedikides 2009). Together, self-protection and self-enhancement processes play a critical role in restoring and sustaining one's self-view.

How self-protection and self-enhancement do this work relies on an important distinction between primary and secondary control (Alicke and Sedikides 2009; Rothbaum et al. 1982). This distinction might be summarized as the difference between "being ethical" and "feeling ethical", respectively. For example, a consultant can self-protect and self-enhance an ethical self-view through a primary control strategy of alerting a client to the fact that they have overpaid for a service; this is "being ethical" and "feeling ethical". Or, a consultant can utilize a secondary control strategy of quietly accepting the overpayment under the reasoning that the client benefited from a great deal of unbilled time and may have intended the additional payment, making the cashing of the check an appropriate act; this is "feeling ethical" without the accompanying "being ethical". In these examples, we see how self-enhancement and self-

protection of the self-view may occur through ethical behavior, but alternatively, the ethical self-view can be enhanced and protected even in the absence of ethical behavior.

The ~~Emergence~~ emergence of the ~~Self~~ self in ~~Ethics~~ ethics ~~Research~~research

The impact of self-view and self-threat on ethical behavior has been made more evident through several recent perspectives on ethical decision-making: moral credentials (Monin and Miller 2001); egocentric ethics (Epley and Caruso 2004); bounded ethicality (Chugh, et al. 2005); the "moral individual" (Reynolds and Ceranic 2007); self-concept maintenance (Mazar et al. 2008); dynamic moral self (Monin and Jordan 2009); moral self-regulation (Zhong et al. 2009); compensatory ethics (Zhong, et al. 2010); the temporal want vs. should self perspective (Tenbrunsel, et al. 2010) and moral self-completion theory (Jordan et al. 2011). In each of these perspectives of modern ethics research, self-threat varies from situation to situation and time to time and ethical behavior fluctuates around the degree of self-threat. For example, one interpretation of the dynamic moral self model (Monin and Jordan 2009) is that when the self-threat of feeling unethical is high due to a recent ethical lapse, an individual reduces this self-threat through a more ethical act in the present. Similarly, the other perspectives rely on self-view and self-threat (though sometimes using alternate terminology) in explaining variations in ethical behavior. Together, these perspectives on ethical decision-making have placed self-view and self-threat in a central role.

The ~~Emergence~~ emergence of ~~Automaticity~~ automaticity in ~~Ethics~~ ethics ~~Research~~ research

The limitations of the conscious mind and the power of the unconscious mind – the "illusion of conscious will" (Wegner 2002) and the "unbearable automaticity of being" (Bargh and Chartrand 1999) – have become evident in virtually every cognitive process studied by psychologists (Geeenwald and Banaji 1995; Wegner and Bargh 1998). Within the study of

ethics, unconscious and/or automatic processes have also emerged as an important aspect of both our own ethical lapses (Chugh et al. 2005; Dane and Pratt 2007; Greenwald and Banaji 1995; Reynolds 2006; Reynolds et al. 2010; Sonenshein 2007) as well as our moral judgments of others (Haidt 2001). Bounded ethicality (Chugh et al. 2005; Chugh and Kern, working paper) is the ethical manifestation of those unconscious and automatic processes which contributes to the gap between our self-view and our behavior.

The ethics literature is rife with evidence of psychological mechanisms that are likely to emerge automatically. For example, moral disengagement (Bandura 1986) is a process by which individuals engage in unethical behavior without the guilt and shame such behavior might bring by diminishing the impact of their actions on the victim or blaming the victim. Mechanisms like moral disengagement, in its automatic form, allow for a dizzying array of ethical consequences, not at all limited to moral hypocrisy (Valdesolo and DeSteno 2008), the ethical framing effect (Kern and Chugh 2009), the ethical effects of non-secure attachment (Chugh, et al. 2014), and motivated forgetting (Shu and Gino 2012; Shu et al. 2011), to name just a very few. In all of these examples, it is likely that even individuals motivated to be ethical will be unaware of the gap between their self-view and their actual behavior. Thus, it is unlikely that these individuals will be naturally led to acknowledge and close the gap.

The original conception of bounded ethicality (Chugh et al. 2005) proposed that much of our unethical behavior occurs through automatic psychological processes. In an updated conception of bounded ethicality (Chugh and Kern, working paper), self-threat assessment determines whether self-enhancement or self-protection will follow. When self-threat is low, the continual and automatic process of self-enhancement maintains its orientation towards the goal

of a positive ethical self-view; when self-threat is not low, self-enhancement yields to the more episodic and less automatic process of self-protection.

Similarly, recent advances in behavioral ethics explore the role of automaticity in ethical decision-making, and thus challenge rationalist models. Several other models highlight the role of automaticity, such as a neurocognitive model which includes automatic pattern matching (Reynolds 2006), a sensemaking model which captures the automatic processes inherent in both issue construction and intuitive judgment (Sonenshein 2007), an intuitionist model which upends the rationalist sequence of reason and intuition (Haidt 2001), and an associationist model in which normative associations between business and ethics are automatically enacted (Reynolds et al. 2010).

To summarize, we have described the relevance of self-threat to the gap that lies between an individual's self-view and actual ethical behavior. Through self-enhancement and self-protection, individuals are able to hold an ethical self-view of themselves, despite this gap. But, as long as the gap persists, and especially as long as the gap persists outside of an individual's awareness, it is unlikely that ethical behavior will improve. For this to happen, individuals must not only hold an ethical self-view, but must also be ethical learners.

Ethical Learning

Argyris described the individual who is highly successful, and thus, having failed very little, is unable to learn from failure (Argyris 1977; Argyris 1991; Argyris and Schön 1999). This "myopia of failure" leads individuals to generalize their success, and exaggerate its likelihood (Levinthal and March 1993). Should failure occur, the individual "become(s) defensive, screen(s) out criticism, and put(s) the 'blame' on anyone and everyone but

themselves. In short, their ability to learn shuts down precisely at the moment when they need it most." (Argyris 1991: 1).

The phenomenon of learning shutting down at precisely the moment "when we need it most" can be translated into the language of self-threat. Real, potential, or perceived failure (particularly for those not accustomed to failure) is a self-threat leading to the enactment of self-protective processes which have the unfortunate byproduct of shutting down learning. We can place this pattern into the ethics context. Most of us believe we are more ethical than others (Baumhart 1968; Messick and Bazerman 1996; Tenbrunsel 1998) and thus, we consider ourselves to be ethically successful people. Because of our bounded ethicality, we have unconsciously created a long track record of ethical success. Should we experience a small ethical lapse, we enact the self-protecting and self-enhancing secondary processes necessary to ensure that the lapse is minimized and any necessary adjustments in our subsequent behavior bring our self-view back into equilibrium. Again, our ability to engage in ethical learning shuts down precisely at the moment when we need it most. The potential learning utility of a small ethical lapse is lost. In contrast, we propose that the small ethical lapse is a useful opportunity for ethical learning.

Our framework of ethical learning is designed to address the challenges of self-threat. First, individuals strive to protect an ethical self-view, in which any ethical lapse is a self-threat. We will address this by reframing moral identity. Second, many people have the lay assumption that the gap does not exist in their own behavior, and thus, that they are not prone to the ethical lapses and automatic psychological processes of bounded ethicality. We will address this through the advancement of psychological literacy. Third, when individuals assume that their

ethicality is a fixed trait, an ethical lapse is a potential self-threat. We will address this through the adoption of a growth mindset.

Thus, in our framework, ethical learners have three qualities: a central moral identity, psychological literacy, and a growth mindset about ethics. Each of these qualities is necessary but not independently sufficient for ethical learning. All three qualities, together, are necessary for ethical learning to occur. We next present each of these qualities in more detail, followed by a discussion of how the three qualities relate to each other.

Moral identity

We began this chapter by describing a gap between an individual's ethical self-view and his or her actual behavior. This gap would not exist, of course, if the individual did not have the desire for an ethical self-view in the first place. This desire for an ethical self-view is equivalent to what researchers describe as moral identity. Moral identity refers to an individual's self-concept and the extent to which it is organized around moral traits (Aquino and Reed 2002; Blasi 2004; Shao et al. 2008) and it is one of the many social identities that an individual might hold. Individuals who hold a more central (versus peripheral) moral identity are more likely to engage in what they consider to be moral behavior (Erikson 1964). This consistency arises because actions that are inconsistent with one's self-view can generate emotional distress and cognitive dissonance (Festinger 1957; Blasi 1999).

Moral identity has been shown to motivate more ethical behavior (Barclay et al. 2013; Damon 1984; Damon and Hart 1992; Reynolds and Ceranic 2007). However, this relationship between moral identity and behavior may be nuanced. For example, Reynolds and Ceranic (2007) find that individuals with more central moral identities show a pattern of extreme behaviors (either unethical or ethical) when social consensus about right or wrong is low. We

will also argue that the effects of moral identity are not straightforward. That is, a more central moral identity may also have the potential to generate less ethical behavior, while the individual continues to maintain an ethical self-view. An indication of this nuance can be found in the identity literature, in which identity threats lead to individuals engaging in coping responses that may prevent the threat from having impact (Lazarus and Folkman 1984; Major and O'Brien 2005; Petriglieri 2011). Similarly, we will propose that threats (ethical lapses) to an individual's moral identity (ethical self-view) will lead the individual to engage strategies of protecting himself or herself from information which contradicts his or her ethical self-view. We delineate this proposed unintended effect of moral identity below.

We know that all individuals, even those with central moral identities, are prone to the everyday ethical lapses of bounded ethicality (Chugh et al. 2005), so the important question is what happens when individuals with central moral identities engage in an ethical lapse? Our earlier distinction between being ethical and feeling ethical becomes relevant as individuals with a more central moral identity place a high premium on feeling ethical (that is, an ethical self-view). The situation in which an individual experiences his or her own ethical lapse is a tremendous self-threat for individuals with more central moral identities. This self-threat must be reduced, and secondary control strategies are likely to be engaged to restore the ethical self-view. The unintended result of this process is the gap between self-view and actual behavior grows but remains out of sight for the individual. That is, the individual with the central moral identity feels ethical despite behaving less ethically. Being ethical is subordinated to feeling ethical. Because of this perverse sequence of psychological processes, individuals with central moral identities face unique challenges in reducing their gaps between self-view and actual behavior.

A relatively central moral identity is the pre-existing condition of our framework; that is, our framework of ethical learning is most applicable to individuals with a more central moral identity. We focus our framework of ethical learning on individuals motivated to be (or at least, feel) ethical. After all, individuals who lack a relatively central moral identity are unlikely to be ethical learners, because they are less motivated to maintain an ethical self-view. Yet, the desire for an ethical self-view is not the same as improving one's ethical behavior. Thus, we also claim that our framework of ethical learning is not simply most applicable to those with a more central moral identity; ironically, this framework is also most needed by them.

Psychological ~~Literacy~~literacy

We next describe a second quality needed for ethical learning: psychological literacy. We define psychological literacy as the understanding that the gap exists, often outside of our own awareness. This literacy is especially powerful because psychology is a discipline that carries an unusual burden. It appears accessible and knowable via lay beliefs and intuitions to all those who inhabit its realm (all humans) while simultaneously being an area of scientific study whose findings often contradict lay beliefs and intuitions. As a result, most of us are regularly using flawed operating instructions in our daily activities. Psychological literacy refers to a more accurate set of operating instructions, grounded in the clear findings of psychological science. The application of common lay beliefs to everyday living characterizes the absence of psychological literacy.

In the domain of ethics, a prevalent lay belief lies in the conviction that we do not have a gap between our intended and actual ethical behavior. When I am psychologically literate, I can see the gap and thus, I know that I am not as ethical as I think I am, as often as I think I am, and despite all that, I know that I still have a fundamental and automatic tendency to enhance and

protect my self-view as an ethical person. When I can see the gap, I know that feeling ethical is even more important to me than being ethical, and I know that I am not always aware of how powerful this need is in my thinking and behavior. Said simply, psychological literacy is the awareness of the gap's existence.

While psychological literacy is far from prevalent today, it is very conceivable that this could change. Precedents exist in other domains in which society has undergone a fundamental shift from lay beliefs to basic literacy. For example, awareness about the risks of smoking has contributed to less smoking, yet few of us understand the actual rationale for why tobacco is harmful to our health (National Cancer Institute 2008; Peto, et al. 2000). Similarly, we propose that psychological literacy can emerge and lead to changes in behavior. Basic literacy about an effect should not be confused with a sophisticated or nuanced fluency about the mechanisms underlying the effects. One need simply accept that normal psychological functioning leads to a gap, but need not understand the scientific mechanisms that cause the gap and its underlying processes.

Thus far, we have proposed that moral identity and psychological literacy are two necessary, but not sufficient, qualities needed to engage in ethical learning. In the next section, we present the final quality needed to engage in ethical learning: growth mindset. We begin by describing mindset and its relationship to self-threat.

Growth ~~Mindset~~ mindset

"Mindset" refers to the belief an individual has about whether performance in a specific domain can be improved with effort and engagement (Dweck and Leggett 1988; Dweck 2000; Dweck 2006). In a fixed mindset, one views performance as non-malleable and one's abilities to be finite and fixed; one focuses on how one will be judged (not only by others but also self-

judged). In a growth mindset, one views improvement as possible and believes that one's current abilities are a starting point for improvement fueled by effort; one focuses on how one can improve.

In the context of ethics, an individual with a fixed mindset believes that "character" is set and immutable. Because a fixed mindset suggests that one only has a certain level of morality and because a central moral identity suggests that individuals value an ethical self-view, then it is essential to the individual with a more fixed mindset that this self-view be highly ethical. Anything that challenges this self-view is a self-threat. When the self-threats of temptation or ethical failure occur, the only possible response is to generate psychological cover via secondary control mechanisms such as moral disengagement – which might reframe the temptation or ethical failure as being morally acceptable or someone else's fault – rather than to gather information about one's own ethicality and to learn from it. In a fixed mindset, a gap does not exist, which is a psychologically non-literate belief.

Fixed mindsets are psychological minefields of self-threat. In a fixed mindset, the worst possible scenario is to try and fail, because failure is viewed as diagnostic of one's finite ability and thus, leaves no possibility of rescuing one's self-view. Failure, and even effort, in and of itself, is a self-threat. Thus, in a fixed mindset, one expects perfection quickly, whereas in a growth mindset, one expects learning over time. Said another way, in the fixed mindset, self-threat poses a dichotomous question: is my moral self-view right or wrong ... yes or no? In the growth mindset, self-threat poses a non-dichotomous question: how can I update and improve upon my self-view … in what ways is my self-view right or wrong? In terms of ethicality, the question shifts from "am I ethical?" to "what can I learn from this?" and "how can I behave more ethically over time?".

Furthermore, in a fixed mindset, people are also less accurate at estimating their own abilities (Dweck 2006), while people with a growth mindset are more accurate in estimating their own performance (Ehrlinger 2008). This difference in self-assessment can be traced to a difference in how individuals allocate their attention to feedback and past performance. Negative feedback acts as a particularly dangerous self-threat to those in fixed mindsets and thus, is avoided. This is accomplished when individuals with fixed mindsets rely on data from less challenging performance situations when self-assessing their abilities, which results in overconfident self-assessments, whereas those with growth mindsets pay attention to data points from both more and less challenging situations (Ehrlinger 2008).

In the ethics domain, this difference in accuracy and response to self-threat has important implications for an individual's psychological literacy. An individual who makes overconfident self-assessments of his or her ethicality based on a narrow sub-set of observations will underestimate the gap. In essence, through this motivated allocation of attention, people with a fixed mindset corner themselves into a context with little chance of ethical learning, one which lacks negative feedback and is devoid of the challenging situations that are useful for learning (Ehrlinger 2008). In contrast, an individual with psychological literacy accepts the reality that a gap likely exists and an individual with a growth mindset is less likely to view the gap as a self-threat.

A particularly pernicious aspect of the fixed mindset is the tendency to equate high effort with low ability and vice versa (Dweck and Leggett 1988). There is little evidence of unicorn-like individuals who display effortless resistance to temptation and infallibly superior character, but even their potential existence does not pose a challenge to our argument. It is faulty and dangerous logic to conclude that just because this rare person can be highly ethical with minimal

effort, the rest of us should not expect to exert effort. Unfortunately, that is exactly the conclusion that emerges from a fixed mindset. This conclusion leads us to the psychologically non-literate belief the gap does not exist, or can be reduced without effort. Thus, individuals with a fixed mindset in ethics are not only incorrect in their beliefs, but more likely to self-enhance and self-protect so that their ethical failures do not pose a self-threat; these individuals are more likely to withhold effort from ethical learning, and thus, are highly prone to ethical lapses.

Ethical ~~Learning~~ learning and ~~Self~~self-~~Threat~~threat

Each of the three components of our ethical learning framework affects self-threat independently and reinforces each other collectively. That is, each quality is necessary, but not sufficient, for ethical learning to occur; all three qualities working in conjunction will lead to ethical learning. But how does this learning translate to actual ethical behavior in an organizational context? We move to this question next and for this, a team and organization-level perspective is critical. We first consider the attributes of organizations that pose particular challenges for ethical behavior and then introduce the team-level construct of psychological safety into our framework.

Psychological Safety and Ethical Behavior in Organizations

In our proposed framework of ethical learning, the reduction of self-threat within the individual allows him or her to see the gap between self-view and actual behavior. However, seeing the gap is not the same as reducing the gap; in other words, ethical learning is not necessarily the same as an improvement in ethical behavior. Individuals in organizations routinely engage in sensemaking with ethical implications (Sonenshein 2007; Sonenshein 2009)

– organizational actors are vulnerable to self-threat, and thus, we will argue that it is more challenging to translate ethical learning into improvements in ethical behavior. We will propose that psychological safety is needed in order for the ethical learning to generate actual improvements in ethical behavior.

The ~~Challenges~~ challenges of ~~Organizational~~ organizational ~~Life~~life

Organizations are "moral microcosms" (Brief et al. 2001) in which multiple complex processes can generate unethical behavior (Ashforth and Anand 2003; Jackall 1988). Kish-Gephart, Harrison, and Treviño (2010) use meta-analytic methods to make a convincing argument for the necessity of integrating individual (bad apple), moral issue (bad case), and organizational (bad barrel) variables in the study of ethical decision-making, while Treviño, Weaver, and Reynolds (2006) offer a comprehensive review of behavioral ethics research in organizations. In this spirit, while ethical learning can be facilitated at the individual level, ethical learning in individuals can not be studied solely at the individual level, nor can ethical learning in organizations be studied solely at the organizational level. As examples, factors such as ethical climate (Victor and Cullen 1988) are shaped at the organizational level and influence individual ethical decision-making. Stakeholder culture describes how managers address the tensions between their own interests and the often competing interests of other organizational actors (Jones et al. 2007). Thus, in order to understand ethical decision-making in organizations, we must incorporate a non-individual level of analysis in examining the role of self-threat.

Organizations are ethically challenging contexts due to the volume of ethical decisions embedded in daily work, the frequent ambiguity of what is more or less ethical, and the stigmatization of ethical failure. Work is an ethically-charged domain. Expense reports are padded, inventory is borrowed, supplies are carried home, budgets are finessed, sales are

inflated, negotiations are misleading, hiring is biased, advice is ignored, quality is short-cutted, inspections are delayed, audits are friendly, information is leaked, statistics are refined, executive directives are followed, friends are alerted, favors are exchanged, gifts are accepted, and competitors are monitored.

Thus, the volume of ethical decisions is the first significant ethical challenge of organizational life. Decisions which involve other parties often have ethical ramifications and the collective nature of work in organizations generates a greater volume of "tricky" ethical situations. For example, group norms exert influence on individual ethical behavior (Greenberg 1997; Litzky et al. 2006) and norm violations are, thus, a powerful source of self-threat in an organization. Responsibility is diffused when individuals perceive that others might take responsibility, reducing the probability of individuals intervening in situations when they might otherwise in part due to the self-threat of potential embarrassment of not being the best equipped to assist (Darley and Latané 1968). Groups lie more than individuals when lying will clearly maximize economic outcomes, suggesting that individuals in groups face a self-threat perhaps due to competing interests at the individual, group, and organizational levels (Cohen et al. 2009). Corruption can spread efficiently in organizations via self-directed moral emotions, creating "collective corruption" (Smith-Crowe and Warren 2014). Groupthink (Janis 1972; 1982) describes unproductive levels of conformity and harmony at the expense of sound decision-making in groups, which may be due to the heightened self-threat that individuals feel about voicing concerns or contrary views. Finally, the ubiquity of impression management (Leary and Kowalski 1990; Schlenker 1980) in organizations is a persistent self-threat. In sum, there is much evidence that groups generate self-threats to the individual.

The second ethical challenge of organizational life is the ambiguity of many of these decisions. The examples just offered are ubiquitously enmeshed in organizational life and are not necessarily characterized as ethical issues (Sonenshein 2009; Tenbrunsel and Smith-Crowe 2008). Furthermore, what is more or less ethical in these situations is not self-evident nor is it necessarily viewed the same across individuals (Ford and Richardson 1994; Lewicki and Robinson 1998; Warren and Smith-Crowe 2008). In an interdependent organization with competing interests amongst multiple stakeholders, right and wrong is not always obvious, and this "pervasive ambiguity" has implications for ethical learning (Sonenshein 2007; Warren and Smith-Crowe 2008). While these "right versus wrong" decisions (versus "right versus right") are prevalent, they can also be fraught with ambiguity and framed in business or legal terms, rather than in ethical terms.

The third ethical challenge of organizational life is the stigmatization of failure, which generates significant potential for self-threat. Organizations strive for success and effectiveness, not failure. Similarly, organizational learning "oversamples successes and undersamples failures" (Levinthal and March 1993: 110). This bias towards success is not surprising, but it creates a stereotype around failure that is stigmatizing. When presented with a spectrum of reasons for failure, ranging from the most blameworthy to the most praiseworthy, executives estimated that two to five percent of the failures in their organization are due to blameworthy causes, but that seventy to ninety percent of failures are treated as if they emerged from blameworthy causes (Edmondson 2012).

In other words, most failures are treated the same, as bad failures. This assumption about failures all being the same ignores the benefits of failure. "Smart failures" (Seiken 2013) allow organizations to grow, improve, and innovate (Weick 1993). Some failures can serve as early

warning signals to help organizations avoid disastrous failures down the road. Organizations which can see and respond to these warning signs will learn from and recover from these failures.

Similarly, ethical failures are not all the same. For example, everyday "ordinary" ethical lapses are generally lower in moral intensity (Jones 1991) (less impact on others), in contrast to the high moral intensity of headline failures. For example, I might expense a dinner with an old friend visiting town who reached out to reconnect socially, but who showed interest in engaging my firm during our conversation. My behavior is ethically ambiguous and if judged to be an ethical failure, it is not a catastrophically large ethical failure. But it could be the type of small ethical lapse that could lead to a more serious problem in which I systematically use corporate funds for personal benefit.   Larger headline failures can begin with small ethical failures (Gino and Bazerman 2009), and thus, these small failures are critical moments for both learning and intervention. In the context of an ethical failure, an individual may see his or her lapse (the gap) but feel that others will negatively view his or her acceptance of the blame for this lapse (self-threat), and thus, they do not publicly discuss the potential lapse. Being a failure and being unethical are both stigmatized identities in which a person is "tainted" (Major and O'Brien 2005), and these self-threats are sufficient to ensure that individuals keep their questions about ambiguous ethical situations to themselves. However, while people tend to infrequently take the blame for a failure, when they do so, others view this in a positive light and as a positive sign of the individual's character (Gunia 2011). It is possible that even the ethical learner, who has reduced self-threat at the individual level, overestimates the self-threat inherent at the team or organizational levels, and thus is unlikely to look for opportunities to learn and grow.

This heightened self-threat makes ethical learning in organizations particularly challenging, even for those who do not want a gap (due to central moral identity), those who believe that a gap exists (due to psychological literacy), and those who try to believe they can address the gap (due to a growth mindset). But if this individual is interdependent with others who do not share these qualities, he or she will have strong incentives to protect his or her ethical self-view, especially in the eyes of others, and to deny the existence of a gap. Operationally, this means that the individual will not reveal ethical lapses, engage others in developing approaches to reducing ethical lapses, or share their strategies of learning from ethical lapses. It is clear that work is a domain filled with ethical decision-making, but it is less clear if it is a domain that encourages ethical learning. The self-threats that specifically emerge within organizations are significant barriers to converting ethical learning into improved ethical behavior, and therefore, a reduction of self-threat at the organization and team levels is necessary. We next propose that psychological safety is the condition necessary for ethical learning to lead to actual improvements in their ethical behavior.

Psychological Safetysafety

Many of these challenges relate to the perceived risks related to speaking up, asking for help, admitting mistakes, proposing an idea, taking blame, confessing uncertainty about right versus wrong, and/or confessing inability, all of which are examples of interpersonal risk-taking. Psychological safety refers to the shared beliefs that a team is safe for these types of interpersonal risk-taking (Edmondson 1999). In a psychologically safe team, self-threat is reduced at the team level and thus, individuals are more willing to disclose and discuss failure. For example, psychological safety was originally studied in hospitals where human errors (such as confusing two different medications which were labeled similarly) were less likely to be

reported under conditions of low psychological safety, and thus, the opportunity to prevent the same error from recurring was lost; when psychological safety was higher, more errors were reported, allowing for safety to improve in the long term (Edmondson 1999). The self-threat associated with admitting failure was reduced through psychological safety in order for the learning and improvement to occur.

Similarly, the self-threat of ethical learning can be reduced at the team level through greater psychological safety, thus facilitating more ethical behavior. In a psychologically safe team, individuals feel that ethically ambiguous situations can be discussed, ethical lapses can prompt reflection and change, and blameworthiness is not an inevitable, fatal self-threat if it accompanies learning. These individuals, whose self-threat is reduced through psychological safety, can improve their ethical behavior.

Increasing psychological safety should not be confused with a lowering of ethical standards. Acknowledgment of the reality of small ethical failures is not the same as endorsing the failure or lowering standards. In fact, it sends the message that expectations are high and thus, failure is possible, but progress must continually be made. This approach is aspirational, forsaking the blind eye to the small ethical lapses which will inevitably occur due to the gap, and positioning each individual as an ethical learner.

Discussion

Currently, the conditions of typical organizations are those in which employees are uniquely unlikely to engage in ethical learning, and thus, unethical behavior will not only occur, but will recur. However, these conditions have the potential to be shaped such that ethical behavior is facilitated by the organizational context rather than inhibited by it. Individuals in

organizations face a minefield of ethical self-threat, thus setting these individuals up for exactly the opposite conditions required for ethical learning. The result is extreme ethical self-threat in which the process of learning from a small but empirically inevitable ethical lapse ends before it begins. The self-threat associated with ethical learning is high, making ethical learning less likely to occur.

In this chapter, we leverage descriptive, empirical research about the gap between intended and actual ethical behavior to develop a theoretically-motivated prescriptive framework of how to generate ethical learning and improvements in ethical behavior in organizations. Our framework is preliminary and beckons future testing and refinement. But it provides a starting point to building on what we know happens (descriptive) and what we wish happened (normative), towards what we recommend (prescriptive). While excellent ethics research has been produced at unprecedented rates in recent years (Tenbrunsel and Smith-Crowe 2008), most of this work is descriptive in nature. By generating a framework that offers a path towards a positive outcome (ethical learning, improved ethical behavior), we respond directly to the opportunity for researchers to integrate the scientific study of positive outcomes with the study of business ethics (Sonenshein 2005). Also, by generating a prescriptive framework of how to improve ethical behavior that is grounded in "psychological pragmatism" (Margolis 1998), we respond directly to an acknowledged need for researchers to provide more direction to individuals and organizations who want to improve their ethical behavior but do not know how to do so (Bazerman 2005).

Within organizations, each component of our framework falls directly under the scope of influence of the senior leadership of most organizations. We propose that the approach that many organizations take towards teaching and the enforcement of ethics (e.g. compliance) may

benefit from a new emphasis on leveraging moral identity, building psychological literacy, generating a growth mindset, and facilitating psychological safety. While the instituting of compliance and ethics programs has been found to correlate with a variety of improved ethics-oriented measures (Basran 2012; Ethics Resource Center 2011; McCabe et al. 1996), these results are not unambiguous (Badaracco and Webb 1995) nor is it clear how these programs affect ethical behavior over the longer term.

In fact, it is possible that programs that are not grounded in psychological literacy, and thus ignore the gap, may actually foster an unintended fixed mindset about ethics. This fixed mindset will generate self-threat when an ethical lapse occurs, and thus, we worry that such programs may lead to short-term compliance via primary control activities (being ethical) on clearly defined issues but also might lead to greater use of some secondary control activities (feeling ethical but not being ethical) over time, thus cultivating the conditions for an eventual headline failure. More specifically, an ethics program might simultaneously prevent immediate headline failures but actually facilitate small ethical lapses, primarily due to the lack of a psychological literacy that makes this pattern obvious. As a result, we are concerned that compliance programs that are not grounded in psychological literacy will heighten self-threat, and thus, be self-defeating. Our concern echoes the possibility of unintended consequences of ethics programs that has been raised by others (Killingsworth 2012; Tenbrunsel and Messick 1999; Treviño and Weaver 2003) and runs parallel to our concern that individuals with more central moral identities face a surprising risk of behaving less ethically over time, perhaps leading to eventual headline failures for some.

Using the ethical learning approach, organizations can consider how to reduce self-threat throughout the "rock" (formal elements) and "sand" (informal elements) of their ethical

infrastructures (Tenbrunsel et al. 2003). That is, the formal elements of an organization include what many compliance programs include: rules, regulations, sanctions, and communications, much of which may convey a fixed mindset. Similarly, the informal elements of an organization, such as its culture, are opportunities to shift the dialogue about what is valued and what is stigmatized from a fixed mindset to a growth mindset.

Another practical parallel between individuals and organizations lies in the fact that just as the gap exists for individuals, it also exists for organizations. That is, just as bounded ethicality suggests that all individuals will have some ethical lapses, it also suggests that all organizations will have ethical lapses. Thus, organizations and their leaders need to expect that some unintended ethical failures will occur; these are "predictable surprises" (Bazerman and Watkins 2004). For both organizations and individuals, smaller ethical failures are easier to learn from, as they do not attract the public attention that high moral intensity, headline public failures are likely to attract. Once headline ethical failures occur, ethical learning becomes secondary to necessary public relations and legal protections.   So, the time for ethical learning is before small ethical failures become headline failures, and given that small ethical failures are inevitable, organizations can plan accordingly for such occurrences.

Models of this approach can be found. The airline industry collects and analyzes data on "near misses"; hospitals conduct mortality and morbidity conferences in which cases which have not risen to the level of a malpractice suit are analyzed; the mountain climbing community, led by the American Alpine Club, publishes an annual report with both significant climbing incidents, as well as the most teachable incidents (Leviss 2011). And, some Australian companies are using an approach towards "restorative justice" (versus "punitive justice") where

stakeholders connected to a misdeed gather together to discuss the incident and agree on reforms to prevent future incidents (Braithwaite 2012).

Confidentiality within the organizational context is critical for these types of initiatives to be successful. The tendency for "public shaming" on the internet challenges the psychological safety within a team and threatens the ethical learning potential. For example, companies with whistle-blower hotlines might consider how this approach to confidentiality can be expanded to allow individuals to call to seek advice with very limited punitive potential, in an attempt to address their own ethical lapses in a constructive, forward-looking fashion, rather than simply reporting others. Other means of limiting the broad exposure of small lapses are worthy of exploration.

Our framework also challenges the heavy reliance that some organizations place on integrity tests within selection processes. These tests, which come in a variety of forms (Barrett 2003), are designed to help organizations screen out individuals based on the assumption that unicorn-type qualities like honesty and trustworthiness are predictive of who is more likely to behave dishonestly on the job. While these methods may be useful for screening out extreme instances of deliberate unethical behavior, our knowledge of bounded ethicality suggests a large portion of an applicant pool will "pass" such a test. Yet, these individuals will remain highly susceptible to self-threat. Thus, these individuals are unlikely to engage in ethical learning, but the tests will give both the individuals and organizations a false sense of ethical security.

Our work also has important implications for ethics courses in business and other professional schools. A perpetual debate continues regarding whether, how and when ethics should be taught to adults. We propose that teaching ethics is different, and less productive, than teaching ethical learning. The traditional, value-based approach to teaching ethics does not

deepen a student's psychological literacy, potentially fosters a fixed, rather than growth, mindset, and makes moral identity more salient, but not necessarily more central. As a result, such a course may generate a false sense of security, in which students believe they are more likely to behave ethically, but without equipping the students to be true ethical learners. And, many of these individuals will lead teams and organizations, with tremendous impact on the degree of psychological safety. By shifting from teaching ethics to teaching ethical learning, professional schools can play a critical role in shaping the trajectory of ethical learning in organizations. Courses can be designed to foster all three elements, and potentially, to deepen our understanding of how to sequence these elements. For example, fostering a growth mindset first might ease the deepening of psychological literacy, which forces the student to confront the self-threat of their own bounded ethicality.

Conclusion

If we accept the reality of bounded ethicality, we must consider a novel approach to improving ethical behavior, perhaps through ethical learning. Our goal in this chapter was to leverage the tremendous insights from research on the self and on ethics in service of a new approach of improving ethical behavior. We hope to have taken a step towards releasing the illusion of the unicorn, and bringing us closer to the beauty and elegance of our own ethical aspirations through ethical learning.

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