Behavioral Ethics: A Discussion of Morality, Bias & Framing

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Today’s Presenters

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Webinar Objectives

- Review Ethics Guidelines for AFCPE and Military
- Review Traditional Approaches to Understanding Ethics
- Explore Insights from Behavioral Ethics
- Discussion of Case Studies
What are ethics?

- When we say that someone or something is ethical, what do we mean?
- Why are ethics important?
Relevant because:

- It’s intimately grounded in who we are.

- It’s fundamentally important to our work with clients and colleagues.
What is the difference between morals and ethics?

- Morals - Principles about what is right and wrong
- Ethics - Principles of right conduct (derived from those moral principles)

Applied Ethics - The study of how moral principles guide individual & group behavior
Military Standards of Ethical Conduct

Primary Ethical Values - “DoD employees should carefully consider ethical values when making decisions as part of official duties.”:

- **Honesty**. Being truthful, straightforward and candid are aspects of honesty.

  - **Truthfulness** is required. Deceptions are easily uncovered and usually are. Lies erode credibility and undermine public confidence. Untruths told for seemingly altruistic reasons (to prevent hurt feelings, to promote good will, etc.) are nonetheless resented by the recipients.

  - **Straightforwardness** adds frankness to truthfulness and is usually necessary to promote public confidence and to ensure effective, efficient conduct of Federal Government operations. Truths that are presented in such a way as to lead recipients to confusion, misinterpretation or inaccurate conclusions are not productive. Such indirect deceptions can promote ill-will and erode openness, especially when there is an expectation of frankness.
Candor is the forthright offering of unrequested information. It is necessary in accordance with the gravity of the situation and the nature of the relationships. Candor is required when a reasonable person would feel betrayed if the information were withheld. In some circumstances, silence is dishonest, yet in other circumstances, disclosing information would be wrong and perhaps unlawful.

Integrity. Being faithful to one's convictions is part of integrity. Following principles, acting with honor, maintaining independent judgment and performing duties with impartiality help to maintain integrity and avoid conflicts of interest and hypocrisy.

Loyalty. There are many synonyms for loyalty: fidelity, faithfulness, allegiance, devotion and fealty. Loyalty is the bond that holds the nation and the Federal Government together and the balm against dissension and conflict. It is not blind obedience or unquestioning acceptance of the status quo. Loyalty requires careful balancing among various interests, values and institutions in the interest of harmony and cohesion.
- **Accountability.** DoD employees are required to accept responsibility for their decisions and the resulting consequences. This includes avoiding even the appearance of impropriety because appearances affect public confidence. Accountability promotes careful, well thought-out decision-making and limits thoughtless action.

- **Fairness.** Open-mindedness and impartiality are important aspects of fairness. DoD employees must be committed to justice in the performance of their official duties. Decisions must not be arbitrary, capricious or biased. Individuals must be treated equally and with tolerance.

- **Caring.** Compassion is an essential element of good government. Courtesy and kindness, both to those we serve and to those we work with, help to ensure that individuals are not treated solely as a means to an end. Caring for others is the counterbalance against the temptation to pursue the mission at any cost.
• **Respect.** To treat people with dignity, to honor privacy and to allow self-determination are critical in a government of diverse people. Lack of respect leads to a breakdown of loyalty and honesty within a government and brings chaos to the international community.

• **Promise Keeping.** No government can function for long if its commitments are not kept. DoD employees are obligated to keep their promises in order to promote trust and cooperation. Because of the importance of promise keeping, it is critical that DoD employees only make commitments that are within their authority.

• **Responsible Citizenship.** It is the civic duty of every citizen, and especially DoD employees, to exercise discretion. Public servants are expected to engage personal judgment in the performance of official duties within the limits of their authority so that the will of the people is respected in accordance with democratic principles. Justice must be pursued and injustice must be challenged through accepted means.

• **Pursuit of Excellence.** In public service, competence is only the starting point. DoD employees are expected to set an example of superior diligence and commitment. They are expected to be all they can be and to strive beyond mediocrity.

AFCPE® (AFC®) Code of Ethics

Counselors certified by AFCPE® pledge to maintain the following ethical standards:

● Conduct myself in a credible manner, striving for excellence in providing services with competence, diligence, promptness and care to the best of my ability.

● Grow in professional practices, keeping abreast of industry developments and striving to improve my professional competency through continuing education.

● Exhibit personal and professional honesty and integrity in advising and counseling clients.

● Recognize my limitations and refer clients when appropriate.

● Maintain high standards of ethical conduct according to the objectives of the institution with which I am affiliated.

● Respect the privacy of clients and the confidentially of the client/counselor relationship in all matters pertaining to the course of professional service, revealing client information of any kind to others only with the expressed, informed consent of the client.
- Accept compensation that is fair and reasonable, and assist clients in finding other services if my fees are not affordable.

- Avoid any act or omission which violates the relevant criminal laws of any State of the United States or any province, territory, or jurisdiction of any other country.

- Report any felony related to the practice of the profession or which brings disrepute to the profession or any lesser crime which involves misrepresentation, fraud, extortion, misappropriation or theft or any conspiracy to commit such a crime to the AFCPE® Executive Board.

- Report any professional suspension by a governmental or industry self-regulatory authority of a license.

- Make no false or misleading statements to the Executive Board of AFCPE®, its Certification Program Committee or its Professional Review Board.

- Respond in a timely fashion to all requests of the Executive Board of AFCPE®, its Certification Program Committee or its Professional Review Board.

Traditional Approaches

- Traditionally, ethics and moral development has been understood using philosophical and human developmental approaches.

- In the philosophical approach, we use deliberate reasoning and discussion of how people should act to come to an understanding of ethics and ethical behavior.
Traditional philosophical approach

Person(s)

- Inherent characteristics or Virtues
- Virtues that Care about creating & maintaining positive relationships

Act(s)

- Rightness or wrongness of the actions themselves from the standpoint of duty, obligation, and the rights of others (Deontology)
- Actions from the standpoint of the rules as Social Contracts we make with one another

Consequence(s)

- Rightness or wrongness of the Consequences of those actions
- Maximizing positive consequences & minimizing negative consequences (Utilitarian)
Human developmental approach

- Developmental psychologists have studied the development of moral psychology and moral reasoning.

- Developmental stage theories include
  - Jean Piaget’s theory of cognitive moral development
    - motor rules, egocentric, incipient cooperation, genuine cooperation
  - Lawrence Kohlberg’s stages of moral development
    - obedience & punishment, individualism & exchange, interpersonal relationships, authority & social order, social contract, universal principles
Human developmental approach

- Developmental stage theories include
  - Carol Gilligan’s stages of the ethic of care
    - preconventional, conventional, postconventional
  - Erik Erikson’s stages of psychosocial development
    - trust vs mistrust, autonomy vs shame & doubt, initiative vs guilt, industry vs inferiority, identity vs role confusion, intimacy vs isolation, generativity vs stagnation, ego integrity vs despair
Time for a Break
Poll
Why behavioral ethics?

- Behavioral ethics is a field of social science research that studies and attempts to give us an understanding of how people actually behave when faced with ethical dilemmas.

- Expands our perspective and understanding of ethical decision making and behavior; better equipping us to navigate ethical dilemmas.
Why behavioral ethics?

- Observation that philosophical and developmental frameworks for teaching and understanding of ethics do not inoculate against unethical behavior as much as we have hoped.

- Bounded ethicality - The understanding that our ability to make ethical choices is often limited or influenced by both internal and external pressures.
Insights

- People seem motivated to be ethical and to maintain a positive self-image, as well as to maintain a positive image in the eyes of others.

- People tend to think of themselves as having good character and intend to behave ethically, but research shows that people can often behave in systematic and predictable ways that deviate from their ethical values & preferences.
Insights

- This desire or motivation to maintain a positive, ethical image can lead us to behave in a more ethical manner, as we usually expect.

- But overconfidence in our strong ethical character, can lead us to not adequately consider the ethical dimensions of a decision.
Insights

- We tend to move through life using very quick, emotional, “gut feeling”, or subconscious reactions/shortcuts in reaching decisions.

- These shortcuts can have a general tendency to be self-serving & implicitly biased, and we later consciously rationalize or justify the snap decisions.
Insights

- Ethical Fading - Many of these factors act in a way that essentially crowds out attention to the ethical issues.

- Psychological factors
  - Overconfidence - Tendency to believe that we are more ethical than others and to be convinced of our moral character.
Insights

- Psychological factors
  - Emotions - Tendency for changes in mood to influence judgment about what is morally permissible.
  - Self-serving bias - Tendency to gather, process, and remember information in ways that serve one’s perceived self-interest and support preexisting beliefs.
Insights

- Psychological factors
  - Conformity bias - Tendency to conform to the behavior of those around us.
  - Obedience to authority - Tendency to want to obey and please authority figures.
Insights

- Psychological factors
  - In-group/out-group bias - Tendency to judge the unethical behavior of those perceived to be similar (in-group) less harshly (and more likely to model that unethical behavior), than those perceived as dissimilar (out-group).
Insights

- Environmental factors
  - Time pressure - Time pressure tends to focus attention on task completion (crowding out perception of ethical considerations).
  - Transparency - Tendency to behave more ethically while being observed (and more unethically under conditions of perceived anonymity).
Insights

- Environmental factors
  - Organizational culture - An organizational culture lacking a commitment to ethics and oversight of decisions & behavior tends to leave members similarly unfocused on ethical concerns and vulnerable to behaving unethically.
  - Role morality - People sometimes act contrary to their own ethical values when they assume certain roles that they perceive excuse them or require them to assume a different frame.
What can we do?

- Paying careful attention when there’s struggle between one’s morals and ethics.
- Maintain a capacity for self-skepticism, be prepared to question what may be influencing our perspective especially when we’re feeling the most confident.
- Awareness that numerous psychological and environmental factors can crowd out our attention to ethical considerations. Bring the ethical facets of the situation forward in our awareness.
- Take the time to get and consider the facts, approach the situation honestly/directly, not through our snap judgements or assumptions.
Case Study Discussion
Case Study #1

During your annual review, your center manager asks you to reduce the amount of time you’re spending counseling each client by a third, so that you can increase the number of daily client meetings. You are expected to maintain the quality of the your counseling work.

Your manager tells you all the center’s financial counselors will be expected to meet the same performance metrics, and that raises and promotions will be based on meeting or exceeding these new metrics.
Case Study #2

Two new clients are waiting in the lobby of your financial counseling clinic for a session.

One client appears well groomed and confident, while the other does not appear as well groomed and seems generally anxious. Which client would you expect to be better at managing and saving money?
Case Study #3

Several clients, employees of a local Fortune 500 company, have sought financial counseling over the last several weeks in preparation for job loss. You learn during their sessions they have each been notified of a large planned layoff but the news has not yet been made public.

You own shares in this company and trading these shares on this news could gain you $5,000 or more, which could really help jumpstart your children’s college education savings fund.
Case Study #4

A mortgage lending agent you’ve met through networking events at your local Chamber of Commerce thinks the personal finance guidance you offer could really help some of her clients better prepare and qualify for mortgages, and also more successfully manage the mortgages they get.

She offers to refer clients to you, but she asks if you would be willing to offer a small referral fee in return, given that referrals would represent a financial value to you as a small business person.
Case Study # 5

Your colleague Marcus walks into his office and sees that there are two gentlemen who urgently need to see you. One is an officer; the other just came back from his first tour. You know their military rank as both are in uniform.

They asked Marcus for reading material while waiting for their appointment. There were two magazines; Marcus offered the choice to the officer. Marcus asked the officer if he wants to go first since his time is more challenged. The other man looks at his watch and fidgets, Marcus proceeds to bring the officer into your office. The door shuts, the officer is not happy. Why?
Case Study # 6

When sitting down with a new client, your colleague see she is younger, no ring on her finger. Your colleague begins the intake process and start gathering information. She ask the client if she seeing someone or planning to get married. She says that’s not a priority, your colleagues say but don’t you want to have kids? The client said I am focusing on my career at the moment. The conversation continues for a while longer. In the end, your colleague felt the client wouldn’t open to her. She asks you for your take…
Readings


Readings

Readings


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The Personal Finance Concentration Area offers 2 credit hours from AFCPE for AFC-credentialed participants and 2 CEUs from FinCert for CPFC-credentialed participants.

To receive CEUs please complete the evaluation and post-test found at: https://vte.co1.qualtrics.com/jfe/form/SV_eb7iqEXoAdPIOIZ

Must pass post-test with an 80% or higher to receive certificate.
Personal Finance Upcoming Event

Estate Planning for Families With Special Needs

• Date: Tuesday, August 15, 2017
• Time: 11 a.m. Eastern
• Location: learn.extension.org/events/3012

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