Give it a nudge

*Behavioural insights into
an ethical workplace*

CHARTERED ACCOUNTANTS™
AUSTRALIA + NEW ZEALAND

DIFFERENCE
MAKERS™

Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 128,000 financial professionals, supporting them to make a difference to the businesses, organisations and communities in which they work and live. Chartered Accountants are known as Difference Makers. The depth and breadth of their expertise helps them to see the big picture and chart the best course of action.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.

Our support of the profession extends to affiliations with international accounting organisations.

We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 13 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance made up of 10 leading accounting bodies that, together, promote quality services, share information and collaborate on important international issues.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.

Managing Values

This document was developed and written in partnership between Chartered Accountants Australia and New Zealand and Managing Values.

values.com.au

Contents

Foreword

*Behavioural economics, contrary to its academic name, is a very human subject.
It's about the why and how of our everyday decisions – why we do and what we do.*

As such, behavioural economics provides powerful tools for leaders to help shape organisational design decisions to prompt more ethical behaviours. These tools enable leaders to use insights into human behaviour to create environments more likely to result in ethical behaviour as a norm, rather than relying solely on policies and procedures and the personal character of individuals. Behavioural economics points to a people-centred style of leadership, one attuned to human nature and to shifts in culture, as a way of achieving long-lasting positive organisational change.

For those not familiar with this way of thinking it, *Give it a nudge* represents a great starting point. As the paper suggests, COVID-19 is a real opportunity to start the journey to rethink and redesign organisations with an understanding of people providing the directional arrows.

One such insight is that we humans are inherently social by nature and we mostly want to do the right thing. We love feeling good about ourselves - so designing initiatives that acknowledge our social needs is important. It begins with identifying an overall social purpose for the organisation — one that enables employees to feel good about themselves and their role in helping to achieve positive social outcomes.
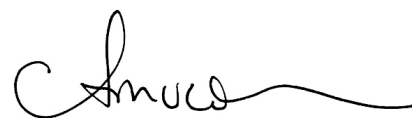
For many, I suspect, this a different way of looking at the world. The exercise of rethinking and redesigning organisations based on the insights provided by behavioural economics requires a different type of leadership.

It requires a mindset shift from control to collaboration, where leaders focus on facilitation and empowerment rather than edicts from on high. And it introduces a wonderful new world of nudges, framing and priming.

Acting on a key insight for organisations provided by behavioural economics, that they have a social heart — they are social constructs — will go a long way towards helping rebuild public trust and faith in businesses and organisations.

2021 represents a rare opportunity to break with old ways of doing things.

Give it a nudge.

Ainslie van Onselen LLB MAppFin
Chief Executive Officer
Chartered Accountants Australia and New Zealand

Executive Summary

Organisations will be more effective if their leaders focus on understanding *the why* of human behaviour and *how* they can use science to influence workplace behaviour. They can do this by altering the situations or context in which they and their employees make their decisions, to create workplace cultures that better respond to the social and psychological influences shaping individual behaviour choices.

Communications within organisations also shape behaviour. These require reframing to better align with employees' images of themselves as already ethical people.

Drawing on the work of behavioural scientists, in this paper we examine how well-intentioned people can sometimes behave unethically. We show how ethical culture is essentially a design challenge.

We explore behavioural science concepts and organisational design tools such as bounded ethicality, frames, nudges and priming and unpack how these enable new initiatives and interventions to improve culture.

We review how behavioural insights can empower employees by forewarning them of the social, psychological and situational pressures shaping their behaviour and how rationalisation prevents them from noticing their ethical slippages.

We suggest that by understanding the power of individual cognitive biases, rationalisations and contextual pressures, managers can better anticipate and remove these hidden barriers to improve behaviour.

Lastly, we make the case that employees are inherently social by nature. We willingly cooperate. Our innate social needs mean we look for opportunities to feel good about ourselves through the work we do and our workplace relationships.

By harnessing these social relationships, leaders can partner with employees to design ethical workplaces. All organisational members can then collectively defend the organisation from unethical behaviour.

Introduction

Behavioral economics studies the effect of psychological, social, cognitive and emotional factors on human behaviour.

Behavioural economics is concerned with how people *actually* behave, as opposed to traditional economics which assumes that people always make rational decisions. It is the study of how psychological, social, and emotional factors such as heuristics and biases — the mental shortcuts we are prone to take — impact human decision making. For example, the availability heuristic describes our tendency to make decisions based on information acquired recently or that quickly comes to mind. This could include an increased desire to purchase a lottery ticket after hearing about a lottery win, despite the statistically remote chance of winning.

Although it is a relatively new and distinct field of economics, its practitioners have already secured three Nobel prizes. Psychologist Daniel Kahneman was awarded the 2002 Nobel prize for his work in applying psychological insights to economic theory. Political economist Elinor Ostrom won in 2009 for demonstrating how people are predisposed to cooperate and are capable of creating rules and organisations for the management of shared resources. Most recently, in 2017, behavioural economist Richard Thaler received his Nobel Prize for insights into how rational people engage in irrational or emotional decisions.

Although not without controversy, the United States, United Kingdom, European, Canadian, Indian and Australian governments[1], and various organisations globally including the World Bank, the UN and the OECD[2] are using behavioural insights and reaping significant social benefits.

Nudge theory

Nudge theory is a concept in behavioural economics which originated from the book *Nudge: Improving Decisions About Health, Wealth, and Happiness* by American academics Richard H Thaler and Cass R Sunstein. It is a tool that provides a signal or information that helps individuals make good decisions.

People make decisions quickly and are influenced by their environment and the decision-making context. Providing timely nudges towards certain choices helps individuals close the gap between what they plan to do and what they actually do.

Since nudges influence the decision-maker in a certain direction they have an ethical dimension. By altering the environment in which someone has to make a decision, we shape what they are likely to do. It is therefore important that nudges are ethical and lead to individuals making better choices. A key feature of a nudge is that it preserves an individual's freedom of choice.

Since nudges are generally inexpensive and can boost employee productivity and wellbeing, organisations are rapidly embracing nudge research to guide people to make better decisions.

Behavioural economics: Where do I start?

💡 *11 quick tips for putting behavioural economics into practice in your organisation*

1 **A code of conduct:** Do you have an organisational code of conduct? If not, develop one. A code of conduct represents the non-negotiable rules all employees must follow at work. Make sure it reflects real expectations and not just overly-optimistic ideals.

2 **Respectful and inclusive:** A code of conduct is more likely to come to life in your organisation and engage employees when it reflects a desire to build an inclusive and respectful workplace culture, rather than adherence to legal values.

3 **Healthy cultures are purposely designed:** Recognise that your organisational culture does not stem from a code of conduct or policies and procedures that can be set and forgotten. A healthy culture is shaped by designing systems and processes that nurture ethical leadership at every level.

4 **Ethical training is a must:** Designing a healthy culture includes arming your employees at all levels with the ethical skills they need to think, feel and act in a manner consistent with your organisation's explicitly stated rules and values. This includes providing workplace learning opportunities to help raise personal awareness of individual dispositions and biases and how these can impede their understanding of the right thing to do. Read more on pages 15 – 23.

5 **Ethics everyday:** Ethical training can be put into action by making ethics part of the everyday conversation. Brainstorm your organisational ethical blind spots and how to address them. For example, employing an automated time recording system or a flat fee arrangement for billable hours encourages more ethical billing practices by eliminating errors, and creating accountability and transparency.

6 **How decisions are made:** How are decisions made in your organisation? Every decision has an ethical implication of some sort. Insist that decisions are made using an ethical decision-making model. Read how on page 14.

7 **Beware of social influences:** Engage employees at all levels to examine and challenge existing mindsets and assumptions across your organisation. Understanding how personal predispositions and organisational influences shape organisational behaviour enables group members to consider new perspectives and behaviour choices.

8 **Words matter:** Make sure internal communications and the words used by leaders reflect your organisational values. Language shapes behaviour.

9 **Focus on what good looks like:** Most of us see ourselves as ethical people, so workplace training and communication focused on 'what unethical looks like' is more likely to be overlooked by the average employee who does not see themselves as unethical. Instead, focus on the behaviours you want. Focus on what 'good looks like'.

10 **Put ethics on the boardroom agenda:** What gets measured gets done across organisations big and small. Link ethics measures to your organisation's strategy and report on them to senior management and at the board level.

11 **A healthy culture is an outcome**, not a destination. It starts with the small positive changes you make today.

Behavioural ethics in the workplace

Behavioural science is challenging traditional assumptions about how to manage people and motivate them. It provides powerful insights into employees' social needs and dispositions, such as why people often fail to live up to their own standards. Leaders can use behavioural science to help employees behave more consistently and develop interventions to improve performance.

Drawing on relevant research findings into human behavioural biases, cognitive limitations, social preferences and interpersonal dynamics, leaders can become 'choice architects'. They can purposely design initiatives to shape behaviour that changes the workplace and influences choices. They can experiment to find what options work best in different contexts.

Google, for example, uses choice architecture to encourage employees' healthy eating. Management displays photos and interesting facts about the vegetables served in its cafeterias designed to motivate employees to eat more healthily.

Research also proves that the public and prominent display of pictures of sets of eyes encourages people to be more honest. These pictures are now used in cafeterias and bus stops to discourage littering, and in public areas where bikes are parked, where they have been effective in the reduction of bike theft[3]. Insurance companies are providing customers with progressively aged photos of themselves, so they can better identify with their future selves and not underestimate their retirement needs.

Applying choice architecture to encourage positive behaviour and counteract known risks, empowers all organisational members to make better choices. This represents the new frontier of risk management.

Leveraging these insights to design more effective risk management systems begins by recognising that:
- Employees can make better personal choices after learning about the powerful influences of social and psychological pressures and context that impact their choices;
- Employees intrinsically see themselves as ethical. Internal communication needs to build on this rather than focus on potential unethical behaviour;
- An unethical culture is a consequence of a poorly designed organisational culture rather than poor compliance or unethical individuals.

Choice architecture
Choice architecture involves redesigning the way and context in which various choices are presented to individuals. The method is used to influence individual decisions, but at all times individual sovereignty (the right to choose) is retained. Examples include employee enrolment in a company pension scheme as the default option, requiring employees to opt out (as opposed to opting in); and the layout of sweets and other high energy items at eye level at supermarket checkouts. Choice architecture includes many other behavioural tools that influence decisions, including framing, defaults and decoy options.

Nudges for better behaviour choices in the workplace

1 SIGN AT THE TOP

Include a statement confirming the truthfulness of the information being attested to at the beginning of a declaration rather than at the end.

Signing at the beginning makes ethics salient and decreases dishonesty in comparison to signing at the end.[4]

2 A PROMPT IN THE RIGHT DIRECTION

Small ethical prompts at work can tip the scales in favour of honesty and integrity, making it easier to do the right thing. A subtle message, such as 'thank you for your honesty', communicated at the right moment can effectively trigger a more ethical choice.

3 THE POWER OF YOUR PEERS

Whether we like it or not, we are all influenced by peer pressure. This knowledge can be used to encourage positive behaviours, such as encouraging customers to pay promptly or the completion by employees of online training modules. For example, people who are advised that 95% of people pay on time or 98% of their colleagues have completed a training module that they are yet to complete, are more likely to comply with the expected behaviour because of the positive power of peer pressure.

4 KEEP IT SHORT AND SIMPLE

People are more likely to do something if it is fast and straight forward. Re-examine and simplify workplace processes such as expense claiming and leave applications. Where possible reduce the number of steps in the process. Can you make a manual process electronic? Can you reduce ten steps down to five?

- Digitise where possible
- Simplify: Most people can only remember seven items at a time
- Colour code: Use different colours to highlight levels of criticality.

5 THE POWER OF A TEXT

A prompt via text message regarding outstanding payments increases the number of payments made in a timely fashion, without the need for further intervention.

6 MIND YOUR LANGUAGE

Our choice of language matters a great deal. The euphemisms we use can allow us to ignore the impact of our decisions on real people. Examples include describing accounting policies as 'aggressive' as opposed to 'illegal', business decisions resulting in 'externalities' as opposed to 'harmful to others or the environment' and military campaigns as resulting in 'collateral damage' as opposed to 'civilian deaths'. Another popular euphemism is describing layoffs as 'right–sizing'.

7 CHECK YOUR FRAMING

Is it a prompt payment discount or a late payment fee?

Many companies now offer a 'prompt payment' discount to customers who pay their bill by a certain date. The discount does not apply if payment is made after the nominated date. In practice, there is no difference between 'prompt payment discount' and a 'late payment fee' for a bill not paid on time, apart from how the choice is framed.

8 PRIMED FOR ACTION

Priming is a subconscious reaction triggered by exposure to words, smells or images shortly before completion of an action or task. For example, talking about ethics at the beginning of a meeting has been shown to prime participants to adopt an ethical frame when considering decisions, leading to more ethical outcomes.[5]

9 DEVELOP A DECENT DEFAULT

Setting the desired outcome as the default option is a powerful way to increase its uptake. For example, in New Zealand where superannuation contributions (Kiwi Saver) are voluntary, people are automatically enrolled in a Kiwi Saver scheme when they start a new job, with the option to 'opt out'.

Seeing things differently

Organisational policies at best only ever signal management intent. Instead, an organisation's social life shapes employee behaviour.

Leaders must rethink risk, moving away from a rewards and deterrence framework, towards a greater focus on *how* and *why* unethical behaviour emerges. Such a rethink involves a new role for leaders. They will need to purposefully design ways to support employees to make better choices. This new approach involves recognising that an organisation's culture is the consequence of its situations and systems. By changing the organisational context, leaders can promote the desired behaviour changes.

> **Culture is the consequence of its situations and systems. By changing the organisational context, leaders can promote the desired behaviour changes.**

Seeing an organisation as a set of social relationships highlights the need for specific initiatives to build consistent perceptions, attitudes and social skills to enable a healthy culture.

Unethical practices appear in groups and across industries, when employees remain unaware of *how* specific psychological, sociological, and organisational dynamics predispose them to unethical decisions and keep them blind to their ethical slippages.

The 2012 Libor bank bill swap rate-fixing scandal is a powerful example of ingroup influence. The scandal involved banks and their regulators in ten countries on three different continents, including Australia. Traders colluded for years to rig Libor to enhance profits. The practice flourished[6] because everyone engaged in it because it was *'how things get done.'*

The normalisation of unethical behaviour

The influence of an organisation's context or culture narrows the range of information organisational members use to make decisions. For example, the acceptance of bribes within 'the FIFA family[7]' to award countries with games fixtures was seen as acceptable even though external stakeholders decried it as unethical. When uncovered in 2015, the investigation revealed 'decades of bribery' within the organisation.

Many employees in the Wells Fargo bank cross-selling scandal knew false accounts were opened on clients' behalf but went along with the practice or failed to expose it. In 2017, Wells Fargo paid out US$110 million to consumers who had accounts opened in their names without permission[8].

Employees at General Motors recognised ignition switch faults in one of their cars as early as 2004, but did not raise concerns. The enquiry that followed public exposure of the faults found General Motors' overarching imperative to keep costs down had effectively narrowed employees' choice of actions. This led to over 100 deaths and almost 300 serious injuries, and resulted in the recall of 2.7 million vehicles, significant reputational damage and hundreds of millions of dollars in settlements and penalties.

Similarly, the 2015 enquiry into Volkswagen's cheating in the measuring of diesel emissions revealed that employees knew they had to cheat to meet American environmental standards. They went along with it to ensure business success. Volkswagen admitted that 11 million of its vehicles had defective devices meant to reduce emissions of nitrogen oxide, a pollutant that can cause respiratory diseases.

These high-profile scandals highlight how employees colluded in the unethical practices promoted within their organisations, not for personal gain, but because the situation or context 'normalised' unethical behaviour as part of business success.

Resetting organisational culture

*Leaders can change the culture of their organisation by harnessing behavioural science insights into the **why** of behaviour choices. Science shows us that our brains adjust our behaviour when our environment or context changes.*

The COVID-19 pandemic illustrated just how quickly people can adapt. Leaders can draw upon behavioural science to bring people along with the changes, reshape their workplaces post lockdown and rebuild business integrity and public trust.

Organisational codes of conduct and codes of ethics play critical roles in establishing the behaviour standards that all employees must comply with as part of their employment contract. They represent the non-negotiable rules all employees must follow at work.

These codes play a key role in offsetting the different behaviour standards and personal values employees bring into their workplaces. They establish standards of behaviour *for the collective* and employee adherence to these is critical to a consistent organisational culture.

However, how employees perceive these codes and their skills to apply them, combined with the support provided by the organisation are the foundation for employee engagement.

> **Codes of conduct fail to engage employees when they're designed to reflect legal obligations rather than building an inclusive and respectful workplace culture.**

Figure 1: Conditions necessary to bring an organisational code of conduct to life

Employee perception → Ethical application skills → Organisational Systems

Codes of conduct fail to engage employees when they're designed to reflect legal obligations rather than build an inclusive and respectful workplace culture. The consequence is that they fail to engage employees or be referred to in day-to-day decisions. This paves the way for unethical behaviour to flourish.

Corporate history has many examples of how codes of conduct or organisational systems fail to protect organisations or guide employee behaviour. These traditional compliance approaches fail to prevent organisation-wide collective unethical behaviour. Both the Volkswagen and Wells Fargo cases discussed earlier demonstrate this. The Libor rate-fixing scandal, which involved hundreds of employees, showed how this can happen across an entire industry. These cases prompted regulators and stakeholders to demand accountability from leaders about how they shaped organisational culture.

Ethical culture as a design challenge

A healthy culture needs to be purposefully designed.

Designing a healthy culture creates enabling systems and processes, nurtures ethical leadership at every level, and arms employees with the skills needed to think, feel and act in ways that are consistent with the organisation's values and code of conduct.

Research suggests[9] that a healthy culture is also good for business. For example, recent research by the Institute of Corporate Productivity identified a direct correlation between a company's cultural health and its business performance, as shown in figure 2.

Just as traditional business models keep leaders locked into dated ways of thinking, if they don't question what drives ethical behaviour then their organisation is vulnerable. A new approach begins when leaders recognise that while most people are intrinsically ethical, work culture plays a significant role, as illustrated by the examples of employees' behaviour in the FIFA and Volkswagen scandals, and many

others. In these examples, employees were motivated by meeting sales targets even if it this meant compromising their values.
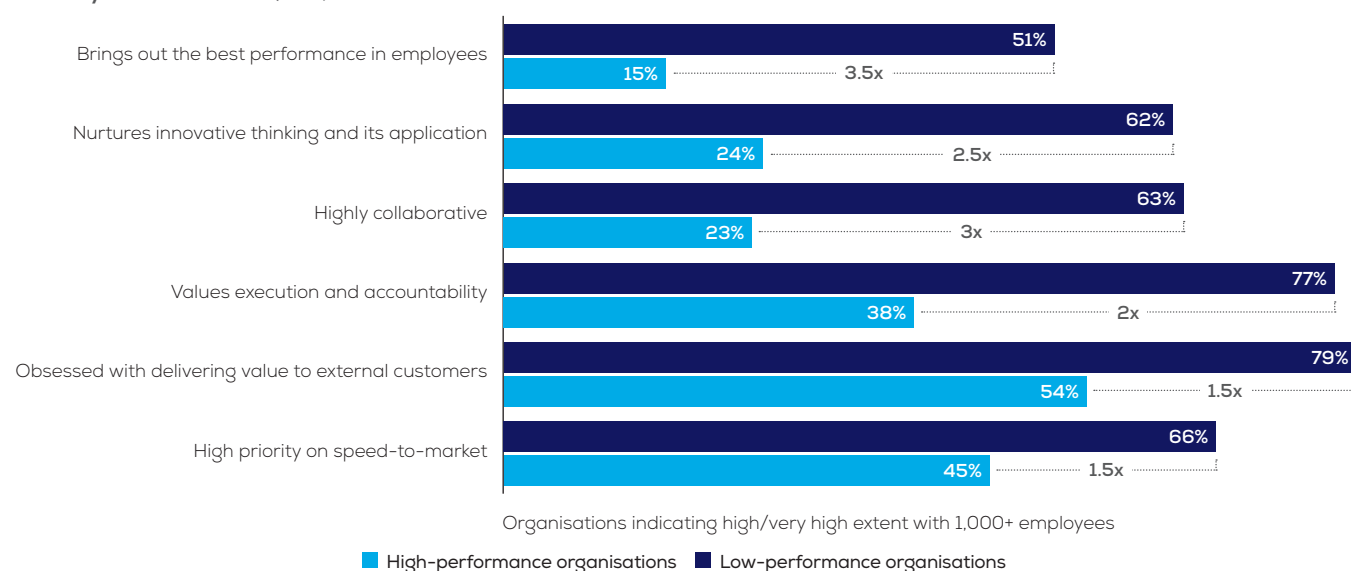
Bounded ethicality

Bounded ethicality describes the systematic and predictable ways in which people make decisions, without realising the implications of their behaviour. It draws attention to how we make different ethical choices in different situations or contexts.

For example, many of us will readily admit that we use different ethical standards in our personal life and in our workplace life. The context shapes the perspectives we take. We also make different choices when we are stressed or have more time to think about a decision. Bounded ethicality inhibits our ability to recognise our behaviour as unethical, even though it is clear in hindsight.

Figure 2: Correlation between cultural health and business performance
Healthy Culture Index (HCI)

Brings out the best performance in employees
51% / 15% — 3.5x

Nurtures innovative thinking and its application
62% / 24% — 2.5x

Highly collaborative
63% / 23% — 3x

Values execution and accountability
77% / 38% — 2x

Obsessed with delivering value to external customers
79% / 54% — 1.5x

High priority on speed-to-market
66% / 45% — 1.5x

Organisations indicating high/very high extent with 1,000+ employees

■ High-performance organisations   ■ Low-performance organisations

Source: Institute for Corporate Productivity

Top Tips
How to counteract bounded ethicality at work

Create ethical circuit breakers for decision making

Ethical circuit breakers enable people to better notice unethical influences, thus reducing unconscious, unethical choices. Ethical circuit breakers may include:

- Tools such as decision-making frameworks to help employees prioritise ethics, such as the American Accounting Association (AAA) ethical decision-making model (see figure 3) or Tucker's 5 question model.

- Implementing sign off protocols broken down into detailed steps.

Make ethics part of the everyday conversation

- Have 'ethical moments' at the beginning of meetings to create an 'ethical frame'. An ethical moment is a short conversation about ethical issues and is based on the concept of safety moments used in the mining industry. It may relate to imminent decisions or to examples from other sources relevant to your business or industry. When employees talk about ethics they carry this awareness into their day-to-day job.

Challenge the culture of group norms and the desire to please higher-ups.

- Draw on behavioural science findings to demonstrate the powerful impact of social pressures on workplace decision-making

- Eliminate the known risks that create organisational members' vulnerability to bounded ethicality by regularly benchmarking company practices against industry peers and embed nudges and draw on other behavioural science tools to promote desired behaviour.

Source: Ethical Systems https://www.ethicalsystems.org/

Figure 3: The AAA Model

The AAA Model (7 Steps):

| Step 1: Determining the facts |
| Step 2: Defining the ethical issues |
| Step 3: Identifying major principles & rules |
| Step 4: Specifying the alternatives |
| Step 5: Comparing values and alternatives |
| Step 6: Assessing the consequences |
| Step 7: Making your decision |

Source: The American Accounting Association

Ethical behaviour is context bound

Our ethical standards are context-bound. This means that despite acting ethically in many situations, when placed in specific situations or contexts ethical people can and do behave unethically. Nor are we always honest with ourselves. Harvard Business Review research shows that although 95% of managers think they're self-aware, only 10-15% actually are.

Behavioural insights warn professionals of the power of systemic cognitive errors and mental biases that predispose us to act unethically and make flawed decisions. These biases, together with contextual pressures, shape how we behave.

When we take our cues from peers, for example, our behaviours typically fall into line with the group without consideration of the ethical implications.

One tragic example[10] of this was when Bob Lund, the VP of engineering on the 1986 Challenger Space Shuttle launch, admitted he had succumbed to peer pressure. He changed his decision on whether the space shuttle Challenger 8 was safe to fly to agree with his NASA peers' assessment. The result of this decision turnaround was that eight astronauts lost their lives.

At a more systemic level, the prevalence of workplace bullying finds its origin in similar pressures to get along with peers.

Behavioural science has identified the mental shortcuts, cognitive biases and psychological biases that can subconsciously thwart our ethical ambitions. Once exposed, however, they can help us make better decisions.

Unpacking Social Influences

Our individual motivation to live up to our own standards is the strongest determinant of ethical behaviour. Failing to live up to one's own standards is sometimes not a conscious choice. Social influences can shape or obscure individual standards as outlined below.

Rationalisation

One of the strongest prevailing social influences rendering us blind to our ethical slippages is the degree to which we engage in 'rationalisation' to justify our behaviour choices.

The once ubiquitous rationalisation that *'a different set of rules'* applies to business compared to the rest of society has led to the downfall of many enterprises and powerful individuals, including Harvey Weinstein. The former American film producer was convicted of sexual crimes and is serving 23 years in prison[11].

As early as 2002, Wells Fargo's leaders were alerted to deceptive cross-selling practices in the retail bank but these incidents were 'tolerated' as 'minor infractions' and 'victimless crimes' to be remediated with training[12].

> **Workplace contexts can be so influential that organisational members might engage in unethical behaviour *despite* personal good intentions and values.**

Ethical Blindness

People often behave differently at work because the influences or the situations we find ourselves in at work can override our characters or predispositions.

Many employees, for example, dislike bullying behaviour and would like to take action to prevent it, but fear of reprisal prevents them from doing so.

Workplace contexts can be so influential that organisational members might engage in unethical behaviour *despite* personal good intentions and values. They can also do the wrong thing *without realising it* because the context has given rise to a psychological phenomenon known as 'ethical blindness'.

Unethical behaviour can also be the result of momentary thoughts and personal interpretations, so designing environments that keep ethics top-of-mind is essential in helping organisational members maintain desired ethical standards.

Framing

One of the most useful behavioural insights is the power of the 'frames' people use when making decisions. Choice in framing information also influences how people behave.

For example, a notice that says "90% of our customers say they are delighted with our products" is reassuring. In contrast, revealing that 10% of customers report being unhappy implies a negative connotation that may inhibit sales. Choice of words, settings and situations also affect decision-making processes.

Many significant ethical mistakes have involved mistakes of framing. One notable example involves the Ford Pinto, a vehicle found to be prone to catching fire which was manufactured by the Ford Motor Company between 1971 and 1980.

It was revealed by the media that Ford knew that the Pinto had deficiencies in its fuel tank system which made it susceptible to catching fire. In spite of this knowledge, Ford proceeded with the design anyway based on the results of a cost-benefit analysis.

The financial decision frame used by Ford meant that despite knowing that the car design was likely to lead to multiple deaths, the cost of damages to those injured or killed by the defective cars was deemed to be lower than the cost to recall and fix millions of vehicles. The approach led to a public outcry as up to 180 deaths were attributed to the deficient design[13].

When the former energy multinational Enron[14] framed its people as *The Smartest Guys in the Room,* this effectively belittled the legitimacy of the rules, the gravity of the situation and the hardship of customers. The company collapsed after it was revealed executives hid billions of dollars in debt using poor accounting practices and pressured auditors.

When business promotes an internal dialogue that frames employees' actions as merely 'playing the game', it enables all sorts of unethical behaviour to flourish. It makes it easier, for example, to turn a blind eye to our own or teammates' dishonesty and cheating tactics.

Priming

In behavioural science, priming refers to how exposure to a stimulus, such as a word or picture, influences subsequent behaviour. Priming can influence individuals through the use of contextual and environmental cues, often without their awareness. This illustrates the significant role an office environment plays and the importance of ensuring that it reflects the desired culture of an organisation.

Figure 4: The priming effect
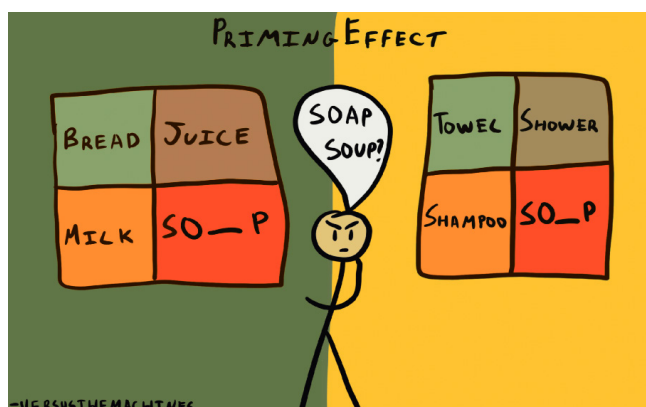
Source: The decision lab

Groupthink

Compliance programs often assume that because most people know the right thing to do, they will do it. However, behavioural science shows that most of us are not as ethical as we think we are; our ethical standards vary from context to context and we compromise our values under specific pressures.

When we make decisions in groups, we are susceptible to the influence of other group members. Our ability to rationalise our choices then kicks in, keeping us blinded to our ethical slippages. These rationalisations enable us to preserve our self-image as an ethical person.

Alerting employees to the power of groupthink, team loyalty and rationalisations assists them to make more informed choices as well as helping them to withstand group pressures.

Motivated reasoning

Motivated reasoning is another powerful insight from behavioural science that explains the social dynamics that play out in organisations. This concept suggests that we can use our thinking to justify the conclusion we prefer, or the decisions we've made. Ethical choices are especially vulnerable to motivated reasoning because they tend to require more complex thinking to counteract self-interest and emotional reactions.

Bonuses and financial incentives are typical ways motivated reasoning plays out in the business world. Research shows[15], for example, that when CEOs earn a high percentage of their salaries in shares, product safety problems and product recalls become more commonplace.

The inquiry into Boeing's recent safety scandals[16] found safety issues relegated to a lower priority than financial performance. The design of the remuneration systems was cited as one of the driving factors for this.

> **Improving risk management necessitates surfacing motivated reasoning.**

Several organisational interventions extend the range of information canvassed in decision making. This includes insisting on the use of an ethical decision-making model for all significant decisions.

In the pre-GFC financial markets, in particular, the tendency was to canvass only the upside economic benefits of new products, with product developers failing to assess downsides such as housing loan defaults and resulting social instability.

Organisational goals, too, have been shown to corrupt. *'Stretch goals'* can be a euphemism for unrealistic goals and often give rise to employee frustration, stress and feelings of unfairness. They can predispose organisational members to feel justified in cheating a system experienced as cheating them.

The Wells Fargo scandal[17], where employees nationwide were using fraud to meet impossible sales targets between 2002 and 2016, is a dramatic case study in how otherwise ethical employees found themselves opening false accounts (five million of them) to meet sales targets and keep their jobs.

The retail bank's internal scorecards[18] — euphemistically known as 'Motivator' reports – generated so much stress that employees said they 'lived and died' according to their numbers.

Performance management systems that overlook *how* goals are achieved breed risk. Instead, redesign systems to reward desired behaviours and deliver consequences for unacceptable behaviour to lift standards.

Ethical fading

The social phenomenon of *ethical fading* enables the ethical aspect of a decision to fade away so that the decision-maker gradually becomes unaware of it. Research shows[19] that much self-interest is unconscious, or we are blind to it.

The use of euphemisms such as *'it's a judgement call'* can often hide the ethical dimension of decisions and excuse the decision-maker from canvassing other perspectives or looking for opposing information.

Since culture is translated in language, tuning into the dominant language in any organisation and purposefully re-tuning it to higher aspirations supports better behaviour.

> **Overestimating the power of good intentions, especially among leaders, has blinded organisations to the need for institutional safeguards at all levels.**

E&Y's 2017 Asia-Pacific Fraud Survey[20] highlights the increase in unethical behaviour from the C Suite. This report suggests it's false to assume that leaders are somehow more ethical than employees. This makes organisations vulnerable to white-collar crime.

Nudges

As social context and social cues impact our decisions, designing better social cues, or 'nudges', to steer decision making in a particular direction is the new strategy available to shape culture and encourage 'good' behaviour.

Nudges are the primary tool of choice architects and probably the best known. These nudges have already been widely applied to many areas of business and government and have successfully promoted better decision making.

They take many forms, but some of the most popular include: warning signs, reminder SMS messages, personal oaths, prompts on computer screensavers, office posters and a range of 'just-in-time communications' to influence or 'prime' decision making in the desired way.

Using a variety of insights from behavioural science to better design organisational situations and systems means that leaders can actively shape employee behaviour to nurture an ethical culture rather than leaving it to chance.

The UK's National Health Service (NHS) has dramatically improved its capacity[21] with a series of timely interventions to influence decision making. The introduction of a system of 'nudges' such as text reminders to confirm (or not) individuals' attendance at upcoming medical appointments has increased the NHS's capacity by allowing them to rebook unscheduled cancellations with waitlisted patients.

The Netherlands was first with a famous nudge consisting of the etching of the image of a housefly into the men's room urinals at Amsterdam's Schiphol Airport. This nudge resulted in an 80 per cent reduction in urinal spillage and an eight per cent reduction in bathroom cleaning costs, and is now used in urinals around the world.

Many governments, including Australia's, are establishing their own 'nudge' units. If governments can nudge people to make better choices, then surely commercial organisations can reap the benefits of a similar approach.

Peers, time, budgets, stress and resource pressures are among the common contextual influences that impact employee decision-making abilities.

> **Workplace stress enables unethical behaviour.**

The burden of meeting monthly billing targets, for example, pressures employees to 'fudge the figures or pad out the bill' in the accountancy and legal professions. Stretch billing targets also adversely impact client service as professionals are left with less time to focus on specific client needs.

Instead of designing policies and systems to tell employees how to behave, obtaining employees' input enables workplaces to be better designed rather than blindly assuming policies drive workplace behaviour. Because nudges influence behaviour, care must be taken when considering their implementation. The UK government behavioural insights team suggests that nudges should be easy to use, attract attention, leverage the power of social – for example by showing that most people perform the desired behaviour, and be timely – by prompting people when they are likely to be most receptive. This is illustrated in figure 5.
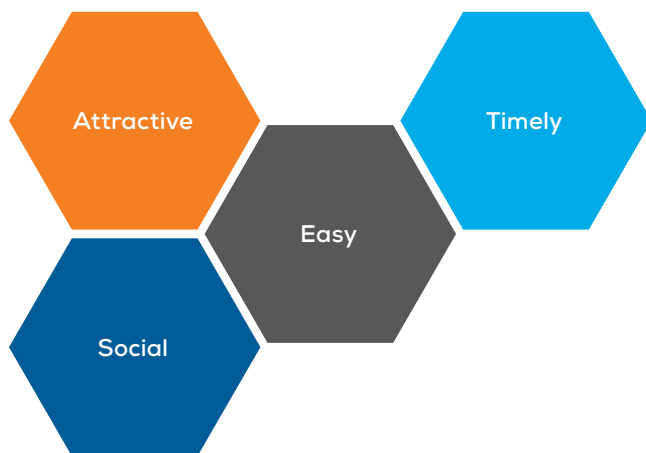
Source: The Behavioural Insights Team[22]

Top Tips
Beware of social influences

- Leaders can draw on behavioural science to better understand how their people think, make decisions and behave at work. Leaders can choose how they design workplace cultures and what leadership style they adopt to inspire and transform their people's attitudes and beliefs.

- Poor conduct is often the unplanned consequence of the automatic and unthinking ways organisational members make decisions. Challenging existing mindsets and assumptions precedes behaviour change.

- Sharing behaviour insights with employees can forewarn and forearm them. Then they'll be prepared for the **conduct risks** they may face as well as helping them improve their thinking and decision-making processes.

- Leaders should experiment with better designs for high-risk organisational contexts to reduce contextual pressures so it's easier for employees to be ethical. Once base-line measures are in place, organisations can design interventions to integrate risk goals into performance evaluations or sales goals and customer feedback. Monitoring how the organisation's culture changes over time provides a feedback loop for additional interventions.

- Language shapes behaviour. To gain employee commitment, an organisation needs to consciously align internal communications with employees' social needs and the organisation's publicly stated values.

Figure 6 illustrates some of the stories individuals tell themselves to rationalise unethical behaviour

Understanding behaviour in the workplace

Organisations at their simplest are a collection of individuals operating under a shared set of social and psychological dynamics and, often unquestioned, individual or group assumptions.

These influences include personal and group mindsets and motivations, interpretations, misunderstandings, self-interests and interdepartmental politics as well as a host of external forces. Honing our understanding of how beliefs, motivations, incentives, and leadership styles interact to shape organisational behaviour, is one of the powerful new ethical risk management strategies available.

Behavioural insights, for example, show us that while most of us can make considered decisions we can also be highly open to suggestions and influences, including our own biases, of which we may be unaware.

Encouraging all employees to make the right decisions involves providing workplace learning opportunities to raise personal awareness of individual dispositions and biases and how these can impede understanding of the right thing to do.

While most employees know the right thing to do, when they find themselves in work situations where this is difficult, their behaviour is more often determined by contextual pressures.

The persistence of workplace bullying, for example, remains a systemic issue in many organisations precisely because otherwise ethical employees fail to act – falling prey to the bystander effect. Typically, they fail to take the right action because they feel that in the organisational context makes it unsafe to do. It is the unrecognised power of the informal culture or social life of the organisation, rather than rogue employees, that enables bullying to prevail.

Behavioural insights also warn us that when organisational members' conduct clashes with their prior beliefs, their beliefs can swing into conformity with their behaviour without their noticing. Unethical behaviour is reclassified as acceptable after it has happened.

Our ability to rationalise our poor behaviour, keeps us blinded to it as well as becoming a systemic cause of future wrongdoing. The stories we tell ourselves, or our rationalisations, hide or deny motivations, reasons, or influences on our decision-making, enabling the poor behaviour to continue.

These are the excuses we give ourselves for not living up to our ethical ambitions. Critically reviewing rationalisations must be included in all ethics training initiatives as research suggests we are predisposed to misbehave to the extent we can rationalise it.

Unconscious bias – how we make flawed decisions

Unconscious biases are social stereotypes formed by individuals about certain groups of people outside of their conscious awareness. Unconscious biases are far more prevalent than conscious prejudice and often incompatible with our own conscious values. Unconscious bias seeps into decisions that affect all areas of our lives – from recruitment and access to healthcare to criminal justice outcomes – in ways that can disadvantage people from minority groups.

> It is the unrecognised power of the informal culture or social life of the organisation, rather than rogue employees, that enables bullying to prevail.

Types of unconscious bias

- **Authority bias** – the tendency of people to defer to authority rather than exercise independent judgment
- **Confirmation bias** – searching for evidence to back up first impressions rather than challenging them
- **Outcome bias** – ignoring poor decision making if the results are desirable, which can predispose us to make poorer decisions in the future
- **Availability bias** – our predisposition to make up our minds based on the most readily accessible evidence
- **Attribution bias** – our assumptions around others' motivations
- **Conformity bias** – here we are predisposed to change opinions to conform with the group.
- **Horns effect** – focusing on one negative trait and overlooking the whole person
- **Halo effect** – focusing on one great feature and overlooking everything else
- **Beauty bias** – judging people based on how they look
- **Affinity bias** – gravitating towards people that are similar to us.

Overcoming unconscious bias

Forewarning employees of their susceptibility to biases primes them towards better decision making. It should be integral to their employee training. Additional support towards better decision making can include designing specific nudges to influence better choices.

Some examples include:
- Asking employees to be honest about their reimbursements before they fill out their application, for example, primes them to be more honest in their claims
- Insisting that employees complete checklists supports them to canvas broader perspectives or obtain information they may not have thought of to make better decisions
- Running in-house communication campaigns on 'good judgment' and sharing behavioural science insights such as the power of frames, delivers immediate benefits. It enables people to make better choices at work and in their personal lives so they are more receptive to altering their mental habits
- Asking professionals to attest to the honesty of their billings before they complete their monthly accounts will also prime them for greater accuracy

Behavioural insights can also improve overall organisational integrity by helping executive committee members better step up to peer accountability, enabling a consistent tone from the top to emerge.

Regulators[23] recognise that the absence of peer-to-peer accountability at the executive committee levels is an enabler of **conduct risk** going unchallenged.

> Getting executive committee teams to work as a group means they can easily identify potential biases and determine how to neutralise them.

This means the executive committee can set a consistent organisational tone to develop higher peer -to-peer accountability. These discussions will also heighten awareness of diversity, or lack of it, in the executive suite and the accompanying risks this poses.

Top Tips
How behavioural science can be used to reset culture

- A better understanding of *why* people behave the way they do enables leaders to design work environments to support desired behaviour

- Exploring the power of assumptions and rationalisations in groups can enhance group harmony and effectiveness

- Understanding how personal predispositions and organisational influences shape organisational behaviour enables group members to consider new perspectives and behaviour choices

- Offering employees structured workplace opportunities means they can practice new skills and develop new habits relevant to their workplace responsibilities

Connect with your employees' ethical self–image

Many of us see ourselves as ethical people. Our motivation to live up to our standards is a strong determinant of ethical behaviour, and our failure to do this is not always a conscious choice.

Organisations can build on employees' innate sense of ethics and harness this existing source of intrinsic motivation to improve risk management practices.

We all share a social need to feel good about ourselves and behaving consistently with our ethical ambitions, enables us to do this. By linking personal ethical aspirations to organisational standards, managers can *prime* employees to be proactive in safeguarding their identities. Google, for example, leveraged this motivation with their founding mantra *'Don't Be Evil[24].'*

Similarly, research shows that when students sit for exams, by merely changing the exam directives from *'Don't Cheat'* to *'Don't be a cheater[25]'* the incidence of cheating reduces.

If an organisation fails to connect with employees, this leaves a vacuum that enables organisational pressures to become more dominant. This can create a situation where employees may do whatever it takes to achieve success or retain their positions.

Every employee has the potential to become a voluntary leader when they can see *how* it links to their image as an ethical person. Empowering every employee to address micro, day-to-day ethical issues will inhibit ethical breaches from becoming crises.

Focus on individual integrity

Framing policies that appeal to the way we think and act is a more effective strategy in maintaining behaviour standards than depending on a plethora of formal risk management policies.

Policies such as 'gifts and benefits, 'privacy and data security', 'conflicts of interest', 'resources and assets management', 'secondary employment' and others – generally not integrated with the code of conduct – swamp employees with information, leaving them confused, disempowered and disengaged. Information overload gives rise to more emotional decision making because our rational brain gets swamped.

Most of these policies are no more than 'paper compliance'. They also fail because they are *framed* around the avoidance of personal risks. A significant number of our workplace compliance choices are motivated by our sense of right and wrong. The seminal workplace research conducted by Jim Collins in his 'Good to Great[26]' study found that leading companies were placing greater weight on individuals' integrity as an indicator of organisational success.

Similarly, much workplace ethics training focuses on what unethical behaviour looks like. This alienates many employees who dismiss its relevance because they see themselves as ethical people. A more engaging and effective training strategy is to invite employee cooperation to design situations and policies so they can realise their ambitions.

To create a more appealing risk engagement strategy for employees, management could change messages such as 'not cheating' to 'helping employees stay ethical'.

Designing initiatives acknowledging our social needs is important and begins with identifying an overall social purpose for the organisation — one that enables employees to feel good about themselves and their role in helping to achieve positive social outcomes.

Korn Ferry research finds that millennials are the first generation to demand that their jobs offer more than just a pay packet[27]. Deloitte, too, finds that millennials across the globe are more attracted to making a positive impact in their communities or society at large than starting families or their own businesses. A study by the Society for Human Resource Management[28] also found 94% of millennials want to use their skills to benefit a cause and 57% want more company-wide service days.

Other social needs employees seek from work include:
- a sense of purpose from the work they do
- a sense of belonging arising from shared values and expectations
- behaviour that affirms their human dignity
- a sense of safety because organisational systems are fair and consistently applied
- a sense of achievement because work enables them to grow and develop
- self-confidence because they are skilled to do the tasks required
- a sense of support because they can talk about what's not working as well as what might work better for them.

How LEGO connects with their employees social needs[29]

LEGO is publicly committed to ethical business practices and the promotion of high standards of human rights in the countries where it operates. It also partners with organisations such as the World Wildlife Fund to promote animal welfare and is a member of the ethical toy program. The program provides tools and support to help toy brands and retailers manage supply chain risks, improve standards at toy factories, and meet stakeholder expectations. In a bid to reduce their carbon footprint, they have committed to working towards 100% renewable energy capacity by 2030. LEGO was rated as having the top corporate social responsibility (CSR) reputation by the Reputation Institute in their 2020 Global RepTrack Study, and ranked 92nd in the Forbes 2020 World's Most Powerful Brands, which was attributed to their strong and creative corporate culture.
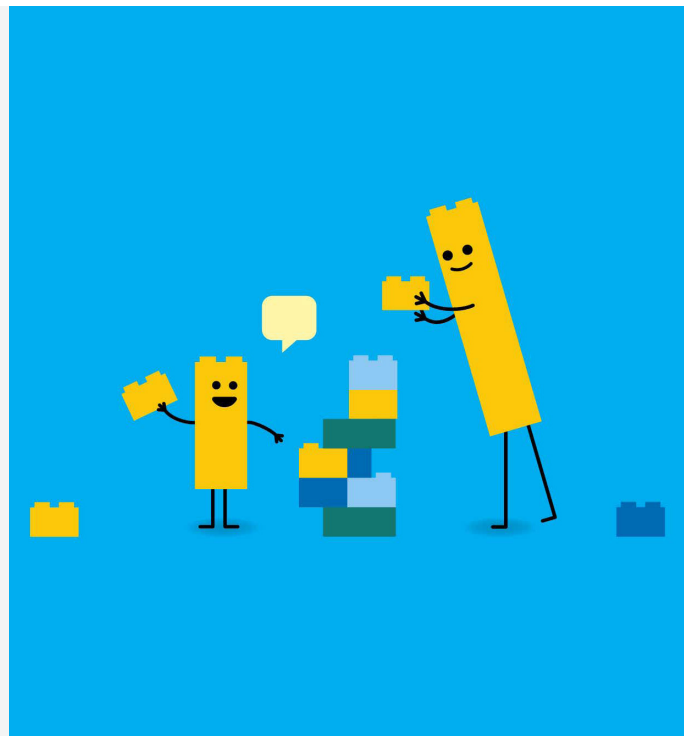
The importance of ethics training

The sophisticated interpersonal skills required to withstand the powerful contextual pressures prevailing in modern workplaces are not innate.

Employees need specific workplace training in business ethics to hone the four competencies needed to safeguard ethical ambitions, namely:

• Developing the skills to recognise the ethical dimension of decisions
• Honing the ability to devise alternative more ethical courses of action
• Committing to act consistently with ethical ambitions
• Building resilience to withstand organisational contextual pressures.

Leaders also need specific ethics training. Research highlights *how* managers fail to regularly tune into and respond to ongoing employee feedback. EY's 2017 Asia-Pacific Fraud Survey[30] found that one in four respondents say their colleagues are aware of but do not report fraudulent activities because they do not have confidence in their organisation to protect them if they report misconduct.

EY also found that 49% of respondents think that their senior management would ignore unethical behaviour to achieve corporate revenue targets. At the same time, 51% of senior management respondents feel under pressure to withhold information about misconduct.

> The loudest message about ethical standards will always be behaviour modelled by key people, and there is an outstanding need to train leaders to acquire new skills in *how* to hear concerns and *how* to respond in ways that promote organisational learning.

Every workplace decision has an ethical dimension and if leaders must report on this then it effectively nudges them to address emerging concerns.

Behavioural science reveals the fallacy of relying on employees' courage to speak up. Instead, designing organisational cultures to better support employees' ethical ambitions increases engagement and diminishes bystander apathy.

If everyone in a workplace is involved in creating an organisation's culture, it is always emerging rather than being cast in concrete. Compliance and risk management initiatives need to have the same dynamism.

> Appealing to shared values is empowering for employees, giving them more self-control over how to respond to workplace challenges.

Employees' innate need to maintain a positive self-image means that leaders need to ensure that employees connect risk policies to human values such as safety, honesty, integrity, and respect, as these values play out in workplaces. Appealing to shared values is empowering for employees, giving them more self-control over how to respond to workplace challenges.

For leaders wanting to design cultures of choice, start by resetting the default button on culture. A healthy culture depends on purposefully building engaging and enabling systems and processes, nurturing ethical leadership at every level and skilling all organisational members to think, feel and act in ways that are consistent with their self-image and the organisation's values.

Behavioural insights as a risk management tool

Behavioural insights provide leaders a new set of tools to discuss the often unspoken and unseen but powerful values and attitudes existing at individual, organisational and system levels. These may, or may not, be positively impacting desired progress.

Working with new insights enables leaders to design better systems and processes that are fit for purpose. An ethical system is a workplace context designed to keep ethics top of mind, makes ethics central to the framing of policies and initiatives, skills organisational members to respond appropriately to policy intent and ensures consequences for unethical conduct.

To build sustainable organisational cultures, leaders need to solve problems at the systems level. By fixing some of the prevailing faulty inputs, including assumptions, faults of framing, and biases and rationalisations, many of the outputs will fix themselves.

One of the critical elements of leadership is the capacity to influence others, so leaders need to ensure the right signals exist, and boards need to hold them accountable for their efforts in creating ethical contexts. New leadership approaches require a radical shift from a control mindset to seeing a leader's role as one of facilitation and empowerment.

> **One of the critical elements of leadership is the capacity to influence others, so leaders need to ensure the right signals exist, and boards need to hold them accountable for their efforts in creating ethical contexts.**

Since it is not just the 'tone at the top' that shapes culture but also the 'mood in the middle' and the 'buzz at the bottom', middle managers need to be resourced and supported to surface institutional barriers, such as unrealistic performance targets.

Ethics and compliance programs should be reframed to recognise employees as valuable and vested partners in risk management. Employees need learning opportunities to raise their awareness of how they can better protect themselves and each other from workplace pressures.

The way organisations behave is a consequence of their design. **Culture is an outcome, not a destination.**

Top Tips

- For the most part, human behaviour is driven by motivations. A better understanding of how our psychological, social and workplace worlds interconnect to shape our decisions enables change.

- Changing organisational behaviour requires the organisational context to change first.

- Perceptions of **fairness** determine employee engagement.

- We need to stop regarding business ethics training as a cost but rather as an investment in positive culture building. By correcting faulty inputs including assumptions, biases and rationalisations, leaders can better understand the origins of poor culture.

- Social relationships lay the foundation for personal identity and our sense of connectedness with others. Shared purpose enables prosocial orientations — behaviour that benefits others — to flourish.

- People, not methods, are at the heart of transformation, so risk management needs to shape the social life of the organisation.

Conclusion

Behavioural science shows us how organisational contexts shape our ethical choices and actions. We can be a different person in different situations and remain oblivious to our ethical slippages.

Leaders seeking to ensure their organisations are more attuned to changing societal values, and culture is better understood and managed, can give greater focus to the human dimension of business as the quickest way to bring about sustainable change.

Leaders can lead by example, by reflecting on their existing assumptions, biases and frames of thinking and how these shape their organisation. They'll need the support of a team of diverse thinkers capable of challenging each other's mindsets.

> **Leaders can lead by example, by reflecting on their existing assumptions, biases and frames of thinking and how these shape their organisation. They'll need the support of a team of diverse thinkers capable of challenging each other's mindsets.**

Also, they might consider involving behavioural scientists who can highlight areas of weakness at systemic and individual levels and provide expertise in implementing behavioural change systems such as nudges and primers.

All employees, too, regardless of level, need to be given the time to review how they make decisions and how they can do so in more informed ways.

To change their organisation's behaviour, leaders must deliberately design a new organisational social infrastructure that is fit for purpose. The COVID-19 pandemic, and subsequent recalibration of the way employees work provides an ideal opportunity to rethink and redesign organisational life.

References

1   Cai, C. W. (2019). Nudging the financial market? A review of the nudge theory. *Accounting & Finance.*

2   Mudditt, J. (2018). Nudging forward. The CEO Magazine. Retrieved 25 November 2020 from https://www.theceomagazine.com/business/management-leadership/nudging-forward/

3   Pfattheicher, S., & Keller, J. (2015). The watching eyes phenomenon: The role of a sense of being seen and public self awareness. *European journal of social psychology, 45*(5), 560-566.

4   Shu, L. L., Mazar, N., Gino, F., Ariely, D., & Bazerman, M. H. (2012). Signing at the beginning makes ethics salient and decreases dishonest self-reports in comparison to signing at the end. *Proceedings of the National Academy of Sciences, 109*(38), 15197-15200.

5   CA ANZ. (2016). A question of ethics. *Navigating ethical failure in the banking and financial services industry.*

6   Wharton University. (2012). *The LIBOR Mess: How Did It Happen – and What Lies Ahead?* Retrieved 27 November 2012 from https://knowledge.wharton.upenn.edu/article/the-libor-mess-how-did-it-happen-and-what-lies-ahead/

7   Kunti, S. (2019). Crashing Down: A Decade Of Corruption Cripples FIFA. Retrieved 27 November 2020 from https://www.forbes.com/sites/samindrakunti/2019/12/28/crashing-down-a-decade-of-corruption-cripples-fifa/?sh=5e6884ec6cd4

8   Lam,B. (2017). *Wells Fargo's $110 Million Settlement,* Retrieved 1 December 2020 from https://www.theatlantic.com/business/archive/2017/03/wells-fargos-settlement/521232/

9   Sørensen, J. B. (2002). The Strength of Corporate Culture and the Reliability of Firm Performance. Administrative Science Quarterly, 47(1), 70–91. https://doi.org/10.2307/3094891

10 Davis, M. (1991). Thinking like an engineer: The place of a code of ethics in the practice of a profession. *Philosophy & Public Affairs,* 150-167.

11 Sisak, Michael R.; Hays, Tom (March 18, 2020). "Harvey Weinstein Moved to State Prison on 68th Birthday". *U.S. News & World Report.* Associated Press. Retrieved November 20, 2020

12 Merle, R. (2017). *Wells Fargo orders two executives to pay back an additional $75 million after sales scandal probe.* The Washington Post. Retrieved December 1 2020 from https://www.washingtonpost.com/news/business/wp/2017/04/10/wells-fargo-knew-about-sham-accounts-problem-as-far-back-as-2002/

13 Birsch, D., & Fielder, J. (1994). *The Ford Pinto case: a study in applied ethics, business, and technology.* State University of New York Press.

14 Sims, R. R., & Brinkmann, J. (2003). Enron ethics (or: culture matters more than codes). *Journal of Business ethics, 45*(3), 243-256.

15 Wowak, A. (2015). *CEO stock option pay may increase product safety problems.* Retrieved on 1 December 2020 from https://phys.org/news/2015-09-ceo-stock-option-product-safety.html

16 Herkert, J., Borenstein, J., & Miller, K. (2020). The Boeing 737 MAX: lessons for engineering ethics. *Science and engineering ethics,* 1-18.

17 Tayan, B. (2019). The Wells Fargo cross-selling scandal. *Rock Center for Corporate Governance at Stanford University Closer Look Series: Topics, Issues and Controversies in Corporate Governance No. CGRP-62 Version,* 2, 17-1.

18 Kingson, J. Cowley, S. (2017). *At Wells Fargo, Crushing Pressure and Lax Oversight Produced a Scandal.* Retrieved 1 December 2020 from https://www.nytimes.com/2017/04/10/business/dealbook/11wells-fargo-account-scandal.html#:~:text=Daily%20and%20monthly%20%E2%80%9CMotivator%E2%80%9D%20reports,customers%20at%20least%20that%20number.

19 Sezer, O. et al. (2015). *Ethical blind spots: explaining unintentional unethical behaviour.* Current Opinion in Psychology 2015, 6:77–81

20 EY. (2018). *Integrity in the spotlight: The future of compliance. 15th global fraud survey.*

21 Hallsworth, M. (2015). *Reducing missed appointments.* Retrieved on 1 December 2020 from https://www.bi.team/blogs/reducing-missed-appointments/

22 Team, B. I. (2014). EAST. *Four Simple Ways to Apply Behavioural Insights.*

23 PwC. (2019). *Financial Markets Authority Efficiency, effectiveness and baseline review.* Retrieved on 1 December 2020 from https://www.mbie.govt.nz/dmsdocument/10657-final-report-financial-markets-authority-efficiency-effectiveness-and-baseline-review

24 Grimmelmann, J. (2008). The google dilemma. *NYL Sch. L. Rev., 53,* 939.

25 Grant, A. *Raising a moral child.* Retrieved on 1 December 2020 from https://www.nytimes.com/2014/04/12/opinion/sunday/raising-a-moral-child.html?smid=fb-nytimes&WT.z_sma=OP_RaM_20140413&bicmp=AD&bicmlukp=WT.mc_id&bicmst=1388552400000&bicmet=1420088400000&_r=3&referrer=

26 Collins, J. (2009). *Good to Great-(Why some companies make the leap and others don't).*

27 Ferry, Corn. (2017). *Employee Engagement. Millennials are highly engaged, make them stay.*

28 Gurchiek, K. (2014). *Millennial's Desire to Do Good Defines Workplace Culture.*

29 Christiansen, N.B. (2020). The Lego Group ranked as the world's most reputable company.

30 EY. (2018). *Integrity in the spotlight: The future of compliance.* 15th global fraud survey.