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Research

At a Loss for Ethics

By Alana Conner

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BY ALANA CONNER



SOCIAL RESPONSIBILITY

At a Loss for Ethics

► New York Yankees pitcher Andy Pettitte is famous not only for his phenomenal left arm, but also for his rock-solid integrity. So when he confessed in December 2007 to illegally using human growth hormone following an elbow injury, Dolly Chugh, an assistant professor at New York University's Stern School of Business, listened closely.

"I felt an obligation to get back to my team as soon as possible," Pettitte explained in a statement. "I wasn't looking for an edge; I was looking to heal."

What Pettitte revealed in his statement Chugh captures in the laboratory: People are more likely to bend their ethics to avoid a loss—such as letting down their teammates—than to attain a gain—such as extra muscle and the competitive edge that comes with it. Indeed, in a recent series

of studies, when Chugh and her coauthor framed identical situations as either a cause for loss or an opportunity for gain, more participants lied and cheated in the former situation than in the latter one.

In a laboratory experiment, for example, the researchers cast undergraduates in the role of an entrepreneur who wants to buy a business from a competitor with unknown intentions. Half of the participants learned that they had a 25 percent chance of gaining the acquisition (the *gain-frame* condition), and the other half learned that they had a 75 percent chance of losing the acquisition (the *loss-frame* condition). Although their odds of success were identical, participants in the loss-frame condition were more willing to seek insider information about the competitor's business than were participants in the gain-frame condition. Similarly, in a negotiation game, MBA students who read that they had a

Many people, such as Yankees pitcher Andy Pettitte, act unethically not to get ahead but to avoid falling behind.

75 percent chance of losing a deal told more lies and made more false promises than did MBA students who read that they had a 25 percent chance of gaining a deal.

To explain these findings, Chugh and coauthor Mary C. Kern, an assistant professor at Baruch College's Zicklin School of Business, draw on the Nobel Prize-winning work of Princeton University psychologist Daniel Kahneman. With the late Stanford psychologist Amos Tversky, Kahneman developed prospect theory to capture the fact that in the mind's eye, losses often loom larger than gains. Likewise, although "greed and the desire to get ahead can lead people to do bad things, fear of doing worse than before, or worse than others, may more often cause people to take the low road," says Chugh.

Because loss-frames and gain-frames are matters of perception, not reality, "we don't have to be in a bad economy to see more unethical behavior," says Chugh. At the same time, however, the economy does not have to improve to make people more scrupulous. "To protect yourself from deception, try to figure out how the other person is seeing the situation," she says, and then make sure that he or she does not feel cornered. "Remember that you contribute to how others view the situation." ■

Mary C. Kern and Dolly Chugh, "Bounded Ethicality: The Perils of Loss Framing," *Psychological Science*, 20(3), 2009.

PHILANTHROPY

When Swag Backfires

► Embroidered T-shirts, discounted tickets, exclusive concerts, and other charity carrots can sometimes rouse people to donate more time and money to nonprofits. But incentives can also stifle giving, finds Dan Ariely, a professor of behavioral economics at Duke University's Fuqua School of Business and author of *Predictably Irrational*. With his colleagues, Ariely shows that when donors' gifts are public, nonprofits need not gild the lily by offering trinkets—social approbation is reward enough. But when gifts are private, nonprofits should use loot to inspire even greater generosity.

"Part of the reason we give is so that others will think better of us," Ariely explains. "But when the signals are mixed"—that is, when we cannot clearly convey that we are just doing good, because we are also doing well—"we give less." Conversely, when no one's watching, we may need a small prize to unleash our inner altruist.

To explore how incentives can heighten or hinder prosocial behavior, the researchers conducted a laboratory experiment and a field experiment. In both studies, they gave half of the participants a monetary reward for performing tasks (clicking computer keys, riding a stationary bike) that would lead to donations to charities, and gave the other half no such reward. At the same time, the researchers randomly assigned half of the par-

ticipants to a public condition, in which other people knew about their efforts; and the other half to a private condition, in which their labors went unwatched. Both studies showed that the money inspired greater charitable exertions in the private conditions. But in the public conditions, offering cash for charity either had no effect or actually depressed participants' charitable output.

Ariely speculates that his team's findings hold true not only for fundraising gifts, thank-you events, and donor privileges, but also for tax incentives and price breaks. "If I drive a Prius, and you think I'm driving it because I'm a good green guy, then I get to project that image to you. But if my Prius is cheap, then you don't know whether I'm good or just cheap."

"Public giving is good, and incentives are good, but you don't want to mix them," Ariely adds. ■

Dan Ariely, Anat Bracha, and Stephan Meier, "Doing Good or Doing Well? Image Motivation and Monetary Incentives in Behaving Prosocially," *American Economic Review*, 99(1), 2009.

CULTURE

The Violent Death of Benevolence

► Players of the video game *MadWorld* can use their Nintendo Wiis to impale enemies on spikes, gouge out their eyes with street signs, and chop them in half with chain saws. The *Mortal Kombat* series offers its users similar thrills: ripping foes' heads from their bodies, tearing their hearts out of their chests, and burning the flesh off their skeletons.

Although their producers argue that these games have no ill effects, a new research article shows that violent media blunt

people's altruistic tendencies. In one experiment, for example, participants who played a violent video game took longer to respond to an emergency than did participants who played a nonviolent game. And in a second study, theater patrons exiting a violent film responded more slowly to a woman in distress than did patrons exiting a nonviolent film.

"Violent media make people numb to the pain and suffering of others," concludes Brad J. Bushman, a professor at the University of Michigan's Institute for Social Research and the article's lead author. His coauthor is Craig A. Anderson, a professor at Iowa State University and an expert on media violence.

Previous research shows that viewing violent media makes both children and adults more physically aggressive. Other studies further indicate that playing violent video games desensitizes people to the violence of others. Yet Bushman and Anderson's studies are the first to connect the dots between viewing violent media and failing to help people in need, including victims of brutality.

For their first study, Bushman and Anderson randomly assigned 320 men and women to play either a violent video game (e.g., *Mortal*

Gruesome video games like MadWorld (below) numb people to the suffering of others, as do violent movies.



Kombat, Carmageddon, or Future Cop) or a nonviolent game (e.g., *Austin Powers, Tetra Madness, or 3D Pinball*). After 20 minutes of play, the researchers gave participants a bogus survey to complete. A staged fracas then erupted outside the lab, replete with thrown chairs, banged doors, and one party loudly complaining about an injured ankle. The researchers found that the players of violent games tarried longer before responding to the emergency, were less likely to report that they heard a fight, and judged the fight to be less serious than did the players of nonviolent games.

Taking their findings into the real world, Bushman and Anderson next planted a female confederate with crutches and a bandaged ankle outside a movie theater. After the confederate dropped her crutches, a hidden assistant measured how long it took bystanders to help her. Once again, the researchers found that people spilling out of a violent movie took longer to help than did people exiting a nonviolent movie.

Many people seem to think that "if violent media don't make you kill someone, then they have no effect," says Bushman. As his research findings underscore, however, gratuitous gore and casual cruelty can quietly chip away at civility. ■

Brad J. Bushman and Craig A. Anderson, "Comfortably Numb: Desensitizing Effects of Violent Media on Helping Others," *Psychological Science*, 20(3), 2009.

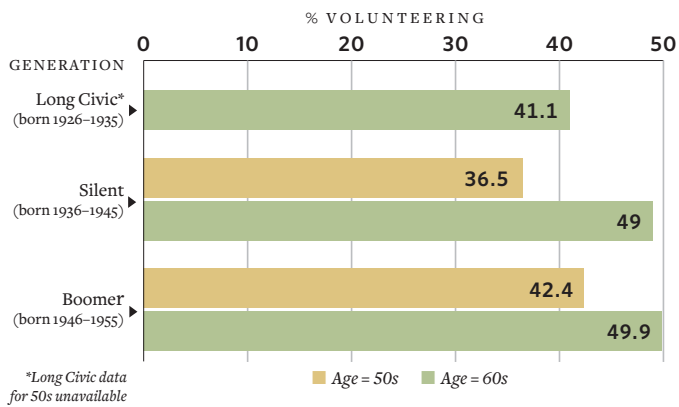
MANAGEMENT

The Volunteer Boom

► Commentators such as former *NBC Nightly News* anchor Tom Brokaw and Robert Putnam, author of *Bowling Alone*, contend that Americans who came of age during World War II are the "greatest generation," shouldering more than their fair share of civic duty and patriotic discipline. Meanwhile, observers criticize the baby boomers—Americans born in the years following WWII—as selfish whiners and disenchanted laggards.

But when it comes to volunteering, "this basically isn't true," finds DePaul University sociologist Christopher J. Einolf in a recent research article. "Not only are baby boomers volunteering at a higher rate than the cohorts before and after them, but also the sheer size of their cohort means that the number of elderly volunteers is going to double," he says. "If anything, nonprofits will soon have more volunteers than they know what to do with," he predicts.

Einolf compared rates and amounts of volunteering for three distinct generations: the long civic generation (also called the greatest generation), which was born between 1926 and 1935; the silent generation (so-called because of its small size and relative absence from public discourse), which was born between 1936 and 1945; and the baby boomer generation, that sudden swell of Americans born between 1946 and 1955. Using data from the 1995 and 2005 waves of the John D. and Catherine T. MacArthur Foundation's Midlife Development in the United States (MIDUS) survey, he not only examined participants'



self-reported volunteering and giving in their 50s and 60s, but also predicted how much boomers would volunteer in 2015, after most of this cohort will have retired.

As the chart above shows, Einolf discovered that more baby boomers donated their time during their 50s (that is, in 2005) than did silent generation members at the same age (that is, in 1995). (Because long civic generation members were in their 50s before the MIDUS study began, data for this group are missing in this analysis.) When he statistically modeled rates and amounts of volunteering in 2015 for the baby boomers, he further found that this allegedly self-absorbed cohort's volunteering would outstrip that of both preceding generations during their retirement years.

Previous studies of generational differences in volunteering have confounded age with cohort, says Einolf, and have therefore underestimated baby boomers' altruistic moxie. Comparing 60-year-old members of the greatest generation with 40-year-old baby boomers is fraught because the older cohort is already retired, while the younger generation is still embroiled in earning a living. A more accurate analysis is to compare different cohorts at

the same age, which is what a longitudinal study such as MIDUS allows.

To take advantage of the mounting tide of volunteers, nonprofits should start cultivating 50-somethings now, says Einolf. "People who volunteer in retirement are the same people who volunteered before retirement, only they give more hours," he notes. "If you want to get retired volunteers, recruit them now before they leave the labor force." ■

Christopher J. Einolf, "Will the Boomers Volunteer During Retirement? Comparing the Baby Boom, Silent, and Long Civic Cohorts," *Nonprofit and Voluntary Sector Quarterly*, 38(2), 2009.

MANAGEMENT

Color Blindness Is Shortsighted

► Now that the American workforce is more diverse than ever before, what do we do with the differences? The old-school approach is to pretend that racial and ethnic distinctions either do not exist or do not matter—a worldview called color blindness.

As a new psychology study shows, however, "just sweeping race under the rug can be bad for everybody in an organization," says Victoria C. Plaut, an assistant professor at the

University of Georgia and the study's lead author.

Color blindness cloaks difference like the emperor's new clothes: Everyone can see that race and ethnicity influence people, but no one can talk about it. Rather than making minorities feel comfortable, though, this implicit gag order actually leads them to feel less loyal to their employers and less engaged with their work, find Plaut and her colleagues.

In contrast, acknowledging and even celebrating diversity—a worldview called multiculturalism—inspires greater commitment, pride, and conscientiousness among minority employees. Organizations with these "psychologically engaged" workers, in turn, are more productive and profitable and have less turnover than do organizations with a

more alienated workforce, previous research shows.

To examine how color-blind versus multicultural worldviews affect minority workers, Plaut and her colleagues surveyed 4,915 employees across 18 work units in a large U.S. health care organization. The researchers found that the more a unit's white employees espoused color blindness, the less psychological engagement its minority employees reported. Conversely, the more a unit's white employees endorsed multiculturalism, the more loyal and enthusiastic its minority employees felt.

Verizon Communications Inc.'s Matthew J. Dreyer agrees that a multicultural outlook helps harness the human potential of diverse workplaces like his. "By definition, a color-

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blind approach denies a key dimension of diversity and discourages employees from bringing their whole selves to work,” says Dreyer, who is a member of Verizon’s diversity management team. “We use a multicultural approach that not only acknowledges our employees’ diversity, but also encourages them to bring their unique ideas, talents, backgrounds, and perspectives to work.” Employees respond favorably: Verizon routinely makes the top 10 lists of best places for minorities and women to work.

In their study, Plaut and her coauthors further discovered that the more color-blind the unit, the more racial bias minority employees experienced. Plaut gives two explanations for this finding. “Other research shows that if you think you should avoid the topic of race,

you act more distant with people of other races,” she notes, which may leave minority workers feeling bewildered and left out. A more insidious reason is that “some people actually use color blindness to maintain the racial status quo,” she says. “If diversity feels threatening to you, you may claim to be color blind to block efforts to create greater equality.”

At the same time, noticing race and ethnicity does not mean indulging hackneyed prejudices, Plaut warns: “This research does not say that you should judge people by the color of their skin instead of by the content of their character. Rather, it says that ignoring race in a color-coded society can lead to negative consequences.” ■

Victoria C. Plaut, Kecia M. Thomas, and Matt J. Goren, “Is Multiculturalism or Color Blindness Better for Minorities?” *Psychological Science*, 20(4), 2009.

SOCIAL ENTREPRENEURSHIP

Think Passionate

► Building a company is so hard that “if you don’t have a passion, you’ll give up,” said Steve Jobs, CEO of Apple Inc., in a 2000 *Fortune* article. Investors know this, and so they screen for entrepreneurial passion when deciding which ventures to fund.

But not all kinds of passion attract cash, finds a new research article. Instead, cognitive passion—as revealed in entrepreneurs’ preparation, thoughtfulness, and logic—brings the bucks, while affective passion—as evident in facial expressions, gestures, and tone of voice—does little to court capital.

“There are different levels of passion,” explains Xiao-Ping

Chen, a professor at the University of Washington’s Foster School of Business and the study’s lead author. “On the surface level—affective passion—you see whether people are excited, whether their faces light up. A deeper level is their cognitive processes—how much and how deeply they think about their idea. An even deeper level is behavior: Did the entrepreneurs, say, quit their jobs to start their own business? How much of their own money did they invest?”

To test whether and what kinds of passion win venture funding, Chen and her colleagues first created scales that observers could use to rate other people’s cognitive and affective passion. (The scale does not measure behavioral passion.) They then asked 55 investors hailing from venture capi-

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tal firms, banks, and financial companies to use the passion scales in rating 31 presentations at a university business plan competition. The researchers found that the more prepared—that is, cognitively passionate—the entrepreneurs, the more likely they were to win funding from the judges. Affective passion, however, did not lure the lucre.

The founders of D.light Design, a company that creates safe, affordable lighting for people in the developing world, can attest to the importance of preparation in securing commercial capital. Since its founding in 2006, D.light has so far clinched some \$6 million in venture funding. “Really knowing the market is critical,” says Nedjip Tozun, the company’s president. “We spent a lot of time with cus-



Two women in Uttar Pradesh, India, can now study at night because of their safe and affordable D.light lamp.

tomers, and so we understood their core needs. There were a lot of other initiatives with solar-powered LED products [like D.light’s], but they were frankly just too expensive. We knew our customers’ price point, and were able to articulate that to investors.”

D.light’s engineers also worked a year without pay to develop a prototype of the company’s first product. “Our passion was obvious by what we created without any funding. We could say [to potential investors], here’s the product, here’s the market, and here’s

the plan for getting the product to market.”

Such extra preparation may be even more important for social entrepreneurs than for ordinary business entrepreneurs, says Chen. “Every social entrepreneur has a compelling story,” she notes, “and so to differentiate themselves, they have to show more careful analysis.”

“It’s a lot of hard work, and so it’s not for the faint of heart,” agrees Tozun. “But if you’re really passionate about something, it’s doable.” ■

Xiao-Ping Chen, Xin Yao, and Suresh B. Kotha, “Entrepreneur Passion and Preparedness in Business Plan Presentations: A Persuasion Analysis of Venture Capitalists’ Funding Decisions,” *Academy of Management Journal*, 52(1), 2009.

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