

The Impact of Risk and Benefit on Unethical Behavior

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Abstract

To measure the impact of risk and benefit on the self-reported likelihood of engaging in immoral behavior, participants read four hypothetical scenarios and rated how likely three targets (i.e., self, friend, stranger) would be to commit an unethical act under high or low levels of risk and benefit. Each scenario was analyzed separately with four 2 x 2 MANOVAS (risk x benefit). Under low risk conditions, participants reported that the friend and stranger targets would be more likely than themselves to commit an unethical act, which supports the self-enhancement bias theory. However, benefits did not increase the likelihood to cheat. The findings suggest that situational variables such as risk and benefit may not govern moral decision-making.

Impact of Risk and Benefit on Unethical Behavior

Imagine that a grocery store clerk accidentally gives you an extra five-dollar bill because it was stuck to the rest of your change, but you do not realize this until you step outside and count your money. As soon as you decide to go back inside the market to return the excess cash, a homeless person comes up to you and asks for money. Now, stop for one second and think, “Would you give this person that extra change?”

Right now, you probably feel good about your decision, regardless of whether you gave money to the homeless because people generally have a positive self-concept, and are motivated to maintain a high sense of self-worth. One way that people can maintain their self-worth is by living up to their own moral standards (Bersoff, 1999). However, if there are individuals who try to maintain high moral standards, then why would anyone ever commit unethical acts, risk being caught, and ultimately compromise their image of themselves as good, honest individuals? This raises the interesting question of, “What influences a person’s decision to engage in immoral behavior?” Oftentimes, situational factors (e.g., risk of detection, sanctions) can decrease or increase dishonesty (Covey, Saladin, and Killen, 1989). However, research has yet to address the relationship between immoral behavior and two situational variables, risk and perceived benefits.

In one study, Covey et al. (1989) found that dishonest behaviors are influenced by situational factors (i.e., surveillance and incentives) and personality factors (i.e., self-monitoring). Covey et al. defined high self-monitors as people who adjust their presentations of self according to the demands of a social situation; low self-monitors are less concerned with their self-image and find it unnecessary to change the way they present themselves. Covey et al. predicted that in the absence of incentives, both high and low self-monitors will not cheat

because high self-monitors are too concerned about their self-image, and low self-monitors do not have the need to cheat. However, since low self-monitors are unconcerned about their self-image, they would be more willing to risk detection and cheat when incentives are provided. The results showed that surveillance reduced cheating and that low self-monitors' lack of concern for their self-image interacted with incentives to increase dishonesty. Since this study demonstrated that self-monitoring interacts with incentives to reduce cheating, we decided to investigate another variable that might encourage or discourage unethical behavior.

Hill and Kochendorfer (as cited in Leming, 1980) found that cheating is less likely to occur when participants sense the threat of detection. Consistent with this reasoning, Leming (1980) showed that cheating was situationally specific: participants cheated more under low-risk conditions than under high-risk conditions. There were also gender effects, such that sanction threats in high-risk conditions reduced cheating only for women. Although academic ability did not determine cheating behavior, high ability students cheated significantly less in the high-risk condition than in the low-risk condition.

The studies of Covey et al. (1989) and Leming (1980) suggest that risk and incentives each reduced the likelihood of cheating in academic settings. To examine whether risk and incentives would have the same effect in other decision-making contexts, we manipulated the risk of detection to see if high risk would decrease the self-reported likelihood of committing unethical acts (e.g., keeping cash from a lost wallet, cheating on a partner). Then, we wanted to see if the type of incentive would interact with low risk situations to increase the reported likelihood of cheating. Based on Leming's findings (1980), we hypothesized that participants would be less dishonest under high-risk conditions if the potential benefits were low. We believed that high-risk conditions would be a situational constraint on commission of unethical

acts, regardless of the type of benefit involved. Hence, we predicted an overall main effect for risk level, such that high risk would reduce cheating whereas low risk would increase the likelihood to cheat or do something unethical. We also expected a main effect for benefit such that high benefits would encourage cheating and low benefits would discourage cheating. Finally, we predicted a significant interaction such that when risk of detection is high, only high benefits would increase cheating. Under low risk conditions, cheating may occur regardless of the type of benefits.

The decision to commit unethical acts is also dependent upon how individuals view themselves in comparison to their friends. People may justify their unethical behavior by describing themselves as better than others, or by assuming that others would act in the same way. Thus, we wanted to see whether the self-enhancement bias (SEB) or the false consensus effect (FCE) would better account for participants' behaviors. SEB states that individuals tend to think of themselves in more favorable terms than they think of others, whereas FCE states that individuals have the tendency to overestimate the commonness of their own attitudes and behaviors.

Method

Participants

Thirty-two undergraduate students (18 women and 14 men, mean age = 22 years) from University of California, Los Angeles volunteered to participate. Twenty participants were from a social psychology laboratory course and the remaining participants were non-psychology majors.

Procedure

We conducted five pilot tests, during which none of the participants successfully identified our hypothesis regarding risk and benefit. Two psychology students thought that we were studying the self-enhancement bias, but since many of the participants would be non-psychology majors, we felt that random assignment would eliminate any possible bias by psychology students.

Participants read four hypothetical scenarios (i.e., car, midterm, wallet, and relationship) under varying levels of risk and benefit (please see Appendix). We used a Latin Square to counterbalance the order in which the scenarios appeared and to determine the level of risk and benefit for each scenario (e.g., one combination was in the following order 1) high risk-high benefit car scenario, 2) high risk-low benefit relationship scenario, 3) low risk-high benefit wallet scenario, and 4) low risk-low benefit midterm scenario). After reading each scenario, the participants rated how likely three targets (i.e., self, friend, stranger) would be to commit an unethical act (please see Appendix). The three-level dependent variable was measured on a Likert scale of 1-5 with labeled endpoints (please see Appendix). In between the questions for each target, a filler item asked, “Do you know of anyone who has encountered a similar situation?” At the end of the experiment, participants were debriefed and given an information sheet.

As a final note, we thought that it was interesting how the filler question had amounted to useful information. It allowed us to see whether a scenario was too hypothetical, and suggested that participants made self-enhancing statements about themselves.

Results

We predicted that participants would be more likely to commit an unethical act in low-risk situations than in high-risk situations, and would be most likely to commit the unethical act if the benefits were high in the low-risk condition. We tested these predictions by analyzing each scenario separately, using a total of four 2 x 2 MANOVAS (risk x benefit), with the dependent variable as target type with three levels, self, friend, and stranger.

In the midterm scenario (please refer to Table 1), there was a significant main effect for risk when the target was stranger, $F(1, 28) = 5.609, p < .05$, meaning that when risk was low ($M = 3.94, SD = .21$), participants reported that a stranger would be more likely to cheat than when risk was high ($M = 3.25, SD = .21$). When the target was friend, there was a marginal main effect for risk, $F(1, 28) = 3.80, p < .10$, such that when risk was low ($M = 3.0, SD = .295$), participants rated that the friend would be more likely to cheat than when the risk was high ($M = 2.19, SD = .295$). There were no main effects for benefit, which showed that the incentive to cheat was not as influential as the risk of being caught. There was no interaction between risk and benefit.

In the wallet scenario, there were no main effects for risk and benefit, and no interaction. Hence, we analyzed the frequencies for the filler item (i.e., Do you know of anyone who has encountered a similar situation?) to examine whether the commonness of the scenario had influenced participants to not take the cash. The frequencies showed that more than half of the participants knew of someone who encountered situations similar to the midterm, car, and relationship scenarios (more participants answered yes to the filler item in these scenarios—please see Table 3). However, in the wallet scenario, fewer participants were familiar with this type of situation, indicating that it is not as salient as other situations for undergraduate students.

In the relationship scenario, there were no main effects for risk and benefit, and no interaction. These data, however, should not be interpreted as risk and incentives having no effect on infidelity. Rather, these results suggest that the context was perhaps too rigid and needs to be revised. A more compelling circumstance (e.g., meeting an attractive person after an argument with one's partner) might yield results that are more conclusive.

In the car scenario (please refer to Table 2), we expected that participants would be most likely to leave a note for the owner of the car if they left a large dent (high incentive) in a busy parking lot (high risk). However, there was a significant main effect for risk when the target was self, $F(1,28) = 1.61, p < .05$, such that participants rated themselves as more likely to leave a note for the owner of the car under low risk conditions ($M = 3.19, SD = .31$) than under high risk conditions ($M = 2.13, SD = .41$). Although this finding is counter-intuitive to our hypothesis, its implications will be discussed later. There were no main effects for benefit and no interaction.

Finally, we looked at the correlations between the self and friend targets versus the self and stranger targets to see which theory, SEB or the FCE, would better account for the behavior in this study. According to SEB, there would be a high correlation between self and a close friend with a low correlation between self and stranger; according to FCE, the ratings for self, friend, and stranger would be significantly correlated with each other. We found that self was significantly correlated with friend ($r = .70, p < .01$), which suggests that participants identified themselves with their close friend. The fact that self was not significantly correlated with stranger, ($r = .22, p = ns$), means that participants did not identify themselves with the stranger, and demonstrates that the FCE did not account for the behavior in this study. Thus, participants in this study rated the targets in a manner that was consistent with what the SEB would predict.

Discussion

The purpose of this study was to examine how situational variables such as risk of detection and incentives could affect the likelihood of committing unethical acts. We predicted that high-risk conditions would reduce the likelihood to cheat, regardless of the incentives or benefits. In low-risk conditions, we speculated that cheating would increase if there were high benefits involved. Results for the midterm and car scenarios supported our hypothesis, participants rated that people would be more likely to cheat in low-risk conditions than in high-risk conditions. Furthermore, participants rated that a stranger would be more likely than themselves to cheat in the low-risk conditions, which reveals that the self-enhancement bias better accounted for people's decision making patterns regarding immoral behavior. Had the participants rated all three targets as equally likely to cheat, then the false consensus effect would have accounted for their behavior.

Our results should be interpreted in light of a few limitations. First, several participants completed the experiment individually, as opposed to being in a group, which may have reduced the effect of anonymity in our study. Consequently, participants may not be as honest as they would be if they had completed the questionnaire among other students. Our sample size was also too small, but this problem could be easily corrected in future studies. There was also some concern that measuring the dependent variable on a Likert scale would not produce any meaningful variability. However, these kinds of self-report measures on 5- or 7-point scales analyzed by ANOVA are the most common dependent measures employed in studies of this kind. The significant results in the midterm and car scenarios confirm that the participants had responded to the IVs according to our hypotheses.

In the debriefing sessions, a few participants mentioned that they had interpreted the risk and benefit levels differently from what we had expected, particularly in the car scenario. We believed that the presence of bystanders would curtail unethical behaviors (i.e., hit and run accidents), and thus create a higher risk for driving away without reporting the accident to the owner. However, these participants felt that bystanders would be too busy to notice the accident or would mind their own business, thus reducing the probability of being apprehended in a busy area. If we were to replicate this study, we would include a pilot test for each scenario to ensure that the risk and benefit levels had comparable effects across all scenarios. The incentives to report the accident may have also been ambiguous. Assuming that the self-monitoring effect would drive the high-self monitors in a random sample to do what is morally right (Covey et al., 1989), we chose to use the *large dent* as a high incentive to report the accident. However, the results showed that participants would not report the accident, regardless of the incentive to maintain a positive self-image, which contradicts Covey et al.'s findings for self-monitoring. Our findings are important because they suggest that self-monitoring may not occur in situations where there is a greater sense of personal risk (i.e., higher damage costs, legal problems) involved.

The fact that there were no significant results for benefit has two implications; first, incentives may not have the same effect on unethical behaviors across all situations and second, benefits alone may not be the only factor that influences immoral decisions. It is also possible that if the scenarios were too hypothetical or uncommon, participants would not be able to base their decisions on their own or others' experiences. Hence, participants would be predicting their own behaviors in the hypothetical situations, and it is shown that people are bad at predicting their own behaviors (Gilbert, 2002). Self-enhancement bias may also lead participants to

describe themselves more positively than others would in reality. Thus, our measurement of moral decisions may not necessarily reflect participants' actual behaviors. Paper-and-pencil attitude measures in general are incapable of engendering all of the complex psychological reactions that occur when one is actually in the situation (Bersoff, 1999).

The implications from these results provide valuable insight to understanding the influence of situational factors on unethical behavior. Since these scenarios pertain to real life experiences, results may suggest that not all moral decisions are governed by risk and reward as is regular decision making. Although benefits did not appear to affect immoral choices, high risks may serve as effective deterrents for cheating in numerous situations. Thus, further research on risk may yield practical advice to anyone from a professor trying to prevent cheating to a law enforcer trying to reduce crime. Our findings are promising because previous studies have not applied the self-enhancement bias to ethical situations dealing with risks and rewards. More importantly, this study has broadened the opportunities for future research regarding deterrents and motivations for unethical behavior.

References

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Appendix

The four scenarios and questions appeared in the following manner (the conditions are indicated in parentheses and were not included as part of the text). Every participant was exposed to one of each condition in a counterbalanced order.

WALLET SCENARIO

You are at your friend's apartment building and you are on your way out. You see a wallet lying on the floor outside someone's front door. You pick it up and see \$100 (high benefit); \$10 (low benefit) inside the wallet. *You notice there is a man about two doors down, painting the walls in the hallway (high risk); the hallway is empty (low risk).*

How likely do you think (*you, close friend, a stranger*) would be to take the cash?

1	2	3	4	5
least likely				most likely

MIDTERM SCENARIO

You are taking a midterm for one of your required classes. *You are doing badly in this class and have a chance of failing (high incentive); You are doing okay in this class but if you do well on this exam, you are most likely to get the final grade that you want (low incentive).* You have a clear view of another person's exam and you know that this person had set the curve on the last exam. *There are several proctors walking around, keeping an eye on the students (high risk); there is one proctor reading a book at the front of the room (low risk).*

How likely do you think (*you, a close friend, a stranger*) would be to look at this person's exam?

CAR SCENARIO

You are at a *busy* (high risk); *empty* (low risk) parking lot and you accidentally hit another parked car as you back out. You notice that you left a *minor scratch* (low incentive to leave a note for the owner); *large dent* (high incentive to leave a note for the owner).

How likely do you think (*you, a close friend, a stranger*) would be to leave a note with your name and contact information for the owner of this car?

RELATIONSHIP SCENARIO

You have been in a loving relationship for about 6 months, *but a person whom you were interested in for a long time finally calls you for a date* (high benefit); *and an attractive person that you recently met at a friend's party calls you for a date* (low benefit). The person you are currently dating and the person who asked you out *have mutual friends* (high risk); *do not have mutual friends* (low risk).

How likely do you think (*you, a close friend, a stranger*) would be to go out with this person?

Table 1

Mean Ratings for each Target in Midterm Scenario (N=32)

Target Person	Self	Friend	Stranger
Risk Level			
High	2.31	2.19 ^a	3.25 ^b
Low	2.65	3.00 ^a	3.94 ^b

^a Significant at level of $p < .10$ ^b Significant at level of $p < .05$

Table 2

Mean Ratings for each Target in Car Scenario (N=32)

Target Person	Self	Friend	Stranger
Risk Level			
High	2.13 ^a	2.25	1.94
Low	3.19 ^a	2.83	2.38

^a Significant at level of $p < .05$

Table 3

Frequencies for filler item, "Do you know of anyone who has encountered a similar situation?"

(N=32)

Response	Yes	No	Total
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Scenario			
Wallet	18	14	32
Midterm	21	11	32
Car	24	8	32
Relationship	26	6	32

Author Note

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