

# UNETHICAL BEHAVIOR RATIONALIZATIONS



# Unethical Behavior Rationalizations (or “The Devil Made Me Do It” )

*When it comes to unethical behavior, people have a knack for producing rationalizations (one side of the Fraud Triangle) to try to justify their actions. Whether it's "the devil made me do it" (a version of Hamm's Excuse) or "everyone else is doing it" (the Golden Rationalization), there's always an explanation for why someone did something they shouldn't have or acted in a way contrary to their nature. The rationalizations people use for unethical or even criminal behavior ultimately offer no valid excuse for their actions. Whatever the rationalization, it is usually based on some form of self-interest.*

## We learn how to rationalize early

Growing up, we've all tried to squirm our way out of being accountable for something we shouldn't have done or said. (I admit to throwing my little brother under the bus a couple of times, but my parents were wise to that approach.) We also likely suffered some parental wrath as a consequence for any fictitious justifications for our behavior. We spun the facts or rationalized the action to avoid punitive measures; in short, we wanted to preserve our standing in the family unit (i.e., Mom and Dad's good graces).

Our parents knew something we kids didn't fully appreciate: Rationalization allows us to wander further away on the far side of truth. As we gain experience in our respective professions, we learn about compliance and ethics, but we also add to our repertoire of rationalizations.

## Rationalizations and entrepreneurship

Entrepreneurship encourages founders to be persistent evangelists and wheeler dealers for their fledgling enterprises. They have a lot to lose and must continually be on their “game” to woo venture capitalists, entice employees from other companies to come work for them, and win over skeptical market analysts.

However, such a system conceals the treacherous waters that lure all who enter.

Back in the late 1990s, I regularly witnessed instances of unethical — and even illegal — actions in several high-tech startups for whom I worked. In one company, the founders were golfing friends and fraternity brothers who would rationalize their actions to keep up the steady cash flow from venture capitalists. The founders were enthusiastic yarn spinners, painting vivid imagery of what the future could look like after their product launched in the marketplace in a few years. They were experts at dismissing objections with a smile, a half-truth, and a rationalization.

But soon reality set in. Reality replaced the hype after yet another schedule delay, after another request for additional funding, and after another round of layoffs.

Eventually, this particular start-up folded up soon thereafter.

## Role of egocentric bias in rationalization

Entrepreneurship isn't completely to blame. People behave in ways that favor their self-interest due in part to *egocentric bias* (the tendency to believe that one's own opinion is the correct one). Egocentric bias occurs when people allow their personal perspectives to distort their judgment of a situation.

Entrepreneurial pursuits are just one area where this bias plays out.

In an interview with *Fraud Magazine*, Joseph Palmar, CFE and CEO of Palmar Forensics has encountered three reasons why people don't act or rationalize taking preemptive or proactive steps. First, they are comfortable with inaction or the lack of urgency. Second, they don't want to admit to a problem, so they rationalize with an "out of sight, out of mind" mentality. Third, they fall into the Dunning-Kruger Effect, which is a cognitive bias whereby their initial confidence exceeds their competence."

Palmar's perceptions highlight how people resort to self-preservation behavior, which is an innate desire to keep oneself safe and out of harm's way. It's a powerful motivator that can lead people to do or say things they otherwise wouldn't so as to preserve their physical, emotional, or psychological safety. Self-preservation can lead to unethical rationalizations, as individuals try to justify their own actions or decisions while overlooking (or being willfully blind to) the potential harm they could cause.

## Everyone uses rationalizations every day

Who are the rationalizers among us? To quote the comic strip, Pogo: “We have met the enemy and he is us.” In other words, if you’ve ever had to defend yourself against feelings of guilt or protect yourself from criticism for something you did or said, you’re probably a rationalizer. Even if “things all worked out in the end anyway,” you’re using *consequentialism* to rationalize a positive result from a questionable ethical action. If you’re a philanthropist who supports several charities but the press has called you out for having an extravagant lifestyle, you may have to rationalize your position to assuage any inner emotional conflict.

This behavior bias is known as the *licensing effect* (an aspect of *moral credentialing*). It’s not a conscious decision and it can often go against one’s best interests in both personal and professional situations.

## Slippery slope of rationalizations

In business, rationalization is a way of looking at an opportunity, position, or proposal to make it appear more logical or defensible, even if it isn’t. Rationalizations can produce inaccurate assertions and ultimately lead to bad decisions. A project that uses minor but questionable rationalizations to receive “go-ahead” approvals or funding may require escalation into more convoluted activities of problematic moral and ethical compass (up to and including fraud) to keep the project moving forward — until it finally doesn’t as it slides down the slippery slope of disaster.

As I've seen in my corporate and startup experiences, if the organizational culture tolerates unethical behavior, it is *more* likely to become worse. If the organizational climate supports ethical values, it is *less* likely to become worse.

Psychotherapist Dr. Michael Hurd precisely conveys the deception behind rationalizations: "The rationalizer doesn't merely dodge facts and logic. He subverts them by pretending to be paying attention to them, when in fact he's evading them. That's how an 'otherwise reasonable' person manages to avoid facts while disguising this evasion as intelligent and sensible..."

## **"The devil made me do it": Unpacking the psychology**

When trying to explain away our unethical or immoral behavior, "the devil made me do it" is a funny go-to excuse made famous by comedian Flip Wilson. But what does this saying actually mean? And what does it say about our psychology?

"The devil made me do it" rationalization is how people try to absolve themselves of responsibility for their actions. They didn't want to do something, so they attribute their actions to some outside force that made them do it. If someone believes that they aren't responsible for their actions, then they don't have to face the fact that they did something wrong.

But this saying also reveals something about our beliefs about human nature and even how our brains work in tricky circumstances.

## The brain's role in rationalization

Rationalization is the brain's way of trying to reduce the discomfort of cognitive dissonance, which is a disagreeable emotional state brought about by a conflict between one's actions and desires. Cognitive dissonance experiments can measure before-and-after attitude changes accompanying rationalizations but can't uncover the processes that kick-start the attitude change.

When a decision is unchangeable, or presents challenges, adjusting attitudes to match the decision can reduce cognitive dissonance.

A 2011 functional magnetic resonance imaging (fMRI) study revealed that certain portions of the brain were associated with later decision-related attitude changes. A few of these results suggest that rationalizations linked with decision-making may be engaged instantaneously with those decisions.

## Tangled web of bounded ethicality

The concept of *bounded ethicality* explains how predictable organizational and environmental pressures as well as psychological forces can entice people to abandon their own ethical goals and behavior in favor of deferential, morally suspect behavior that contradicts their values.

Fixed perceptual, cognitive, and social cognitive processes (egocentric bias) may lead to decision-making errors. Most leaders try to convey a stable self-image that is confident, worthy, and strong, which, in turn, conveys a perceptions of them being less prone to ethical challenges. Because egocentric bias has people believing their immunity to questionable decisions or behaviors is stronger than the environment, this attitude makes it more difficult to identify and address actual ethical or moral conflicts.

Bounded ethicality is inherent to many organizational structures in the public and private sector, and perhaps none more so than in the field of entrepreneurship, as mentioned previously.

## Situational ethics rationalization: “It depends..”

People who behave in a manner in conflict with their character or lifestyle may be operating on the principal of *situational ethics*, wherein individuals are free to make choices that align with their own circumstances. Situational ethics contends that the context of an issue should determine the morality, rather than deferring to a comprehensive moral code for all situations. Such a position creates fertile ground for justifications to green-light behavioral ills (i.e., cancel culture, political correctness, moral credentialing, wokeness) that absolve proponents from personal accountability.

The problem lies with individuals who can’t make meaningful choices. Instead, they rely on mitigating factors (such as convenience, efficiency, facing a “no-win scenario”) rather than on established ethical concepts and personal standards of accountability and responsibility in an “ends justify the means” approach.

## Emerging field of behavioral ethics

Research into the emerging field of *behavioral ethics* (research from cognitive and behavioral psychology, and evolutionary biology) reveals something we all knew: people are not completely rational. Most ethical decisions are intuitive, by virtue of feeling; they rarely have the luxury of resulting from methodical analysis. Usually, people who make a morally questionable decision have subconscious and conscious influences at play, including the self-serving bias and the pressure of conformance, as well as the situational factor.

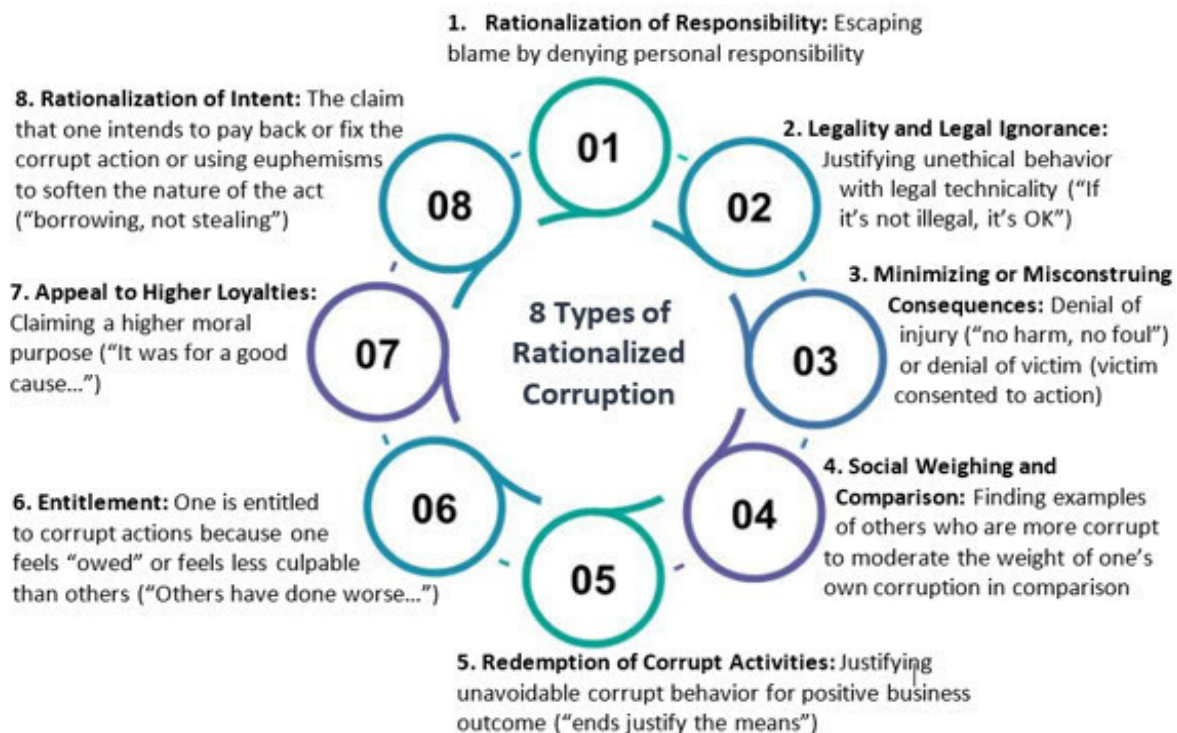


When people engage in *post hoc* moral rationalizations, they may be more likely to engage in additional unethical behaviors. This is especially true for “low moral identifiers” who may even increase the intensity level of their unethical behavior over time. “High moral identifiers,” on the other hand, are less likely to follow this path.

## Damage done by rationalizing unethical behavior

It's easy to rationalize unethical behavior. We tell ourselves that it's not really that bad, or that everyone does it, or that we'll make up for it later. But the truth is, rationalizing unethical behavior can damage business opportunities, careers, relationships, and a sense of self. It can erode our integrity and damage our reputation. It can also dull our sense of responsibility for wrongful actions, and lead to more serious problems, including a variety of fraudulent actions and consequences.

## 8 Types of rationalized corruption



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