

Contents lists available at [ScienceDirect](#)

Journal of Economic Behavior and Organization

journal homepage: www.elsevier.com/locate/jebo

High stakes: A little more cheating, a lot less charity

Zoe Rahwan^{a,b}, Oliver P. Hauser^{b,c,d}, Ewa Kochanowska^e, Barbara Fasolo^{a,*}^a London School of Economics and Political Science, London WC2A 2AE, UK^b Harvard Kennedy School, Cambridge, MA 02138, US^c Harvard Business School, Boston, MA 02163, US^d University of Exeter Business School, Exeter EX4 4PU, UK^e IESE Business School, Barcelona 08034, Spain

ARTICLE INFO

Article history:

Received 4 October 2017

Revised 12 April 2018

Accepted 25 April 2018

Available online xxx

Keywords:

Cheating

Incentives

Moral licensing

Moral self-perceptions

Pro-social behaviour

ABSTRACT

We explore the downstream consequences of cheating—and resisting the temptation to cheat—at high stakes on pro-social behaviour and self-perceptions. In a large online sample, we replicate the seminal finding that cheating rates are largely insensitive to stake size, even at a 500-fold increase. We present two new findings. First, resisting the temptation to cheat at high stakes led to negative moral spill-over, triggering a moral license: participants who resisted cheating in the high stakes condition subsequently donated a smaller fraction of their earnings to charity. Second, participants who cheated maximally mispredicted their perceived morality: although such participants thought they were less prone to feeling immoral if they cheated, they ended up feeling more immoral a day after the cheating task than immediately afterwards. We discuss the theoretical implications of our findings on moral balancing and self-deception, and the practical relevance for organisational design.

© 2018 Elsevier B.V. All rights reserved.

1. Introduction

Corporate misconduct and unethical behaviour remain a widespread problem in organisations, ranging from large-scale fraud (e.g., Bernie Madoff, Enron) to smaller, everyday unethical behaviours (Zhang et al., 2015; Sezer et al., 2015). Organisations often rely on compensation schemes to foster better performance among employees but, at the same time, those incentives could also encourage more cheating inadvertently to meet requirements of such schemes. Recently, for example, employees at Wells Fargo who were financially incentivised for every newly opened bank account created over 2 million bank accounts illegally without customers' permission.

Because the size of incentives can affect motives and behaviour in often unexpected ways (Gneezy and List 2014; Gneezy and Rustichini 2000a,b), past research has paid particular attention to the size of incentives and its effects on immediate opportunities for cheating. A somewhat surprising, yet consistent finding is that the size of incentives for behaving unethically does not affect rates of unethical behaviour much in laboratory studies. We take this research in a new direction by looking at the downstream effects of cheating—or, resisting the temptation to cheat—on future moral behaviour. In particular, we explore the behavioural and psychological consequences of providing an immediate opportunity to cheat at varying sizes of stakes on subsequent charitable giving.

* Corresponding author at: London School of Economics and Political Science, London WC2A 2AE, UK.
E-mail address: b.fasolo@lse.ac.uk (B. Fasolo).

Mazar et al. (2008) document that a four-fold increase in incentives did not change average levels of cheating in a laboratory experiment. In a recent large-scale replication, Kajackaite and Gneezy (2017) observe little change in cheating rates as incentives were increased to much higher stakes than previously studied (up to \$50 in a U.S. laboratory setting) when there is some chance of cheating being detected.¹ What explains this refusal to cheat more at higher stakes? Mazar et al. (2008) hypothesise that people attempt to maintain a self-concept of an honest person. Thus, they will cheat to increase their payoff but do so only to the extent that it does not negatively affect their moral self-image.

The idea of maintaining a “moral self” has also been proposed in a separate research stream on moral balancing (Miller and Effron 2010; Zhong et al., 2009). This research suggests that people balance their good and bad behaviour over time: when people feel they have sufficiently established that they are a moral person, they become more likely to engage in immoral behaviour in the future (“moral licensing”). For example, Effron et al. (2009) demonstrate that participants who could endorse Barack Obama were more likely to feel licensed in a subsequent decision to choose a white applicant over a black applicant in a hypothetical hiring decision, having previously established their moral credentials as a non-racist moral decision-maker.

Here we combine the literature on stake size on immediate cheating opportunities with research on moral balancing to explore whether different levels of incentives affect subsequent moral behaviour. We hypothesise that, when given the opportunity to cheat, participants will resist this temptation at low and high stakes; however, resisting the temptation to cheat at high stakes will be psychologically taxing and provide participants with a plausible reason to excuse future transgressions of moral behaviour, exhibiting a moral licensing effect.

To explore the psychological costs and benefits of dynamic moral behaviour, we measure participants' self-perceptions of their morality. While cheating and donations are behavioural, incentive-compatible outcomes, self-reports are simply stated views—however, as such they inform how people (would like to) view themselves and provides an insight into the psychological processes of how cheating is dealt with. We predict that cheating a little does not affect moral self-perceptions; only maximal cheating—an unambiguous signal of immoral behaviour—negatively affects self-perceptions, an effect that persists (or even worsens) over time.

To test these predictions, we recruit a large-scale sample of participants ($N = 2015$) on Amazon Mechanical Turk (MTurk). We begin by exploring the role of stake size on dishonest behaviour using a modified version of the “mind game” (Kajackaite and Gneezy 2017; Cohn et al., 2014). We introduce significant variation in incentives, increasing stakes by up to 500 times. The maximum reward in our study is US \$50 for our 10 minute online task – a significant amount for workers on MTurk whose median reservation wage has been estimated at US \$1.40 per hour (Horton and Chilton, 2010).

In the second part of the study, we explore the downstream effects from honest (or dishonest) behaviour. First, we collect self-perceptions of morality using self-reports. Second, we give participants the opportunity to give to charity, allowing them to choose how much, if any, of their earnings from their first part of the study they wish to donate to a charity of their choice, a measure of whether they engaged in moral licensing by not giving to charity at all or decreasing their charitable donation. Finally, we invited participants back to the study one day later to assess their self-perceptions of their (non-)cheating behaviour the prior day.

We find that participants were not more likely to cheat when the stakes for cheating increased but with rising stakes, they subsequently donated a smaller percentage of their earnings to charity, consistent with a moral balancing account. Moreover, we find that self-perceptions vary over time: while they are stable for honest participants and those who cheat little, we find that maximal cheaters feel less moral one day after the cheating task, independent of the stake size. Surprisingly, however, self-perceptions did not meet expectations: maximal cheaters initially thought they would be less likely to feel guilty after doing wrong, when, in reality, they were the only group of participants that felt worse upon reflecting on their cheating behaviour.

1.1. Dishonesty

Research on dishonesty and unethical behaviour has attracted much attention given its apparent frequency and high costs it imposes for societies. In recent decades, much work has explored the limits of Becker (1968) utilitarian approach for understanding dishonest behaviour. Under this model, rational individuals weigh the benefits of dishonest behaviour with the chance and consequences of getting caught. Becker's model does not pay explicit regard to psychological costs of dishonest behaviour (e.g. Mazar et al., 2008, Shalvi et al., 2011, Kajackaite and Gneezy, 2017) nor the related social, organisational or political context (e.g. Gneezy, 2005, Cohn et al., 2014).

This traditional model of cheating has been challenged by findings that people are generally insensitive to payoffs for dishonesty (e.g. Mazar et al., 2008, Fischbacher and Föllmi-Heusi, 2013). Experimental evidence suggests that most people exhibit at least some degree of aversion to lying (Cappelen et al., 2013; Gneezy et al., 2013; Kajackaite and Gneezy, 2015). Abeler et al. (2016) show in a review of 72 cheating studies with a maximum payoff of \$50 that individuals are largely insensitive to external stakes for cheating. Moreover, participants displayed almost no increase in cheating, even when stakes

¹ In another condition, Kajackaite and Gneezy (2017) make detection of cheating almost impossible: the combination of no detection and high stakes does lead to an increase in cheating behaviour, suggesting that an important boundary condition to the literature reviewed here is that participants will cheat more when it is completely impossible to detect their cheating behaviour at the individual level. We discuss the implications of these boundary conditions on our results at the end of the paper.

Download English Version:

<https://daneshyari.com/en/article/11004376>

Download Persian Version:

<https://daneshyari.com/article/11004376>

[Daneshyari.com](https://daneshyari.com)