Short horizons and tempting situations: Lack of continuity to our future selves leads to unethical decision making and behavior

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ABSTRACT

People who feel continuity with their future selves are more likely to behave in ethically responsible ways as compared to people who lack continuity with their future selves. We find that individual differences in perceived similarity to one's future self predicts tolerance of unethical business decisions (Studies 1a and 1b), and that the consideration of future consequences mediates the extent to which people regard inappropriate negotiation strategies as unethical (Study 2). We reveal that low future self-continuity predicts unethical behavior in the form of lies, false promises, and cheating (Studies 3 and 4), and that these relationships hold when controlling for general personality dimensions and trait levels of self-control (Study 4). Finally, we establish a causal relationship between future self-continuity and ethical judgments by showing that when people are prompted to focus on their future self (as opposed to the future), they express more disapproval of unethical behavior (Study 5).

Introduction

Analyzing the 1988 Savings and Loan Crisis, Comptroller of the Currency Clarke quipped, "You only find out who is swimming naked when the economic tide goes out" (Day, 1988). Although in Clarke's terms the phrase referred to under-prepared and overly risky investors, it has as of late been invoked to describe the numerous white-collar criminals whose crimes were unknown until the financial crisis of 2008. Madoff's Ponzi scheme and Allen Stanford's false bookkeeping were only discovered once the dust from the economy's collapse had settled. But aside from these two highly public cases, the number of white-collar crimes committed per year has more than tripled since the FBI starting keeping such statistics in 1940 (F.B.I., 2009). Identifying causes and prevention strategies for unethical behavior, whether in high-stakes business interactions or low-stakes interpersonal dealings, has never been so important.

Although there are many determinants of unethical behavior, some pundits have argued that "short-term" thinking is a key cause of corporate scandal. For example: "Wall Street's myopic focus on quarterly financial results cultivates financial fraud and other wasteful, if not illegal, behavior throughout corporate America. Accounting fraud, in particular, is oftentimes borne of the ever-present desire to meet the Street's expectations" (Siben, 2010). The idea that short-term thinking is associated with unethical behavior can also be found in Dickens' classic tale *A Christmas Carol* (Dickens, 1844). In the story, Ebeneezer Scrooge is a ruthless, selfish man, who overworks his employees and acts in ethically questionable ways, at least with regard to respecting workers' human rights. It is not until the ghost of Christmas future becomes imminently visible in Scrooge's consciousness that he feels compelled to change his egregious behavior.

In this article, we empirically link short-term thinking about oneself with unethical behavior. Specifically, we suggest that one underlying cause of unethical conduct is a fundamental inability to project one's self into the future. Furthermore, we disentangle future thinking about one's *self* from future thinking *in general*, and differentiate future self-continuity from other individual differences related to the self and ethical behavior (e.g., self-discrepancies, self-control). Our thesis is that feeling disconnected from one's future self is intimately linked to unethical decision making.

What is "Unethical" decision making?

Theorists and researchers have grappled with definitions of unethical decision making (cf. Jones, 1991; Kish-Gephart, Harrison, & Trevino, 2010; Lewicki & Robinson, 1998; Robinson, Lewicki, & Donahue, 2000; Tenbrunsel & Smith-Crowe, 2008; Trevino, Weaver, & Reynolds, 2006). In this manuscript, we use the succinct

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and intuitively compelling description offered by Jones (1991, p. 367):

> An ethical decision is a decision that is both legally and morally acceptable to the larger community. Conversely, an unethical decision is a decision that is either illegal or morally unacceptable to the larger community.

Consistent with this definition, we examine the degree to which participants are either comfortable with or actually engage in morally unacceptable behaviors. The panoply of unethical behavior is broad. In the current investigation, we focus on lies, bribes, false promises, and cheating because prior research has found that the vast majority of people judge these behaviors as inappropriate (e.g., Cohen, 2010; Lewicki & Robinson, 1998; Lewicki, Saunders, & Barry, 2007; Robinson et al., 2000).

Causes of unethical behavior

Ethical judgments and behavior have both dispositional and situational determinants (for reviews, see Kish-Gephart et al., 2010 and Tenbrunsel & Smith-Crowe, 2008). For example, personality traits such as honesty–humility (Ashton & Lee, 2008; Lee, Ashton, Morrison, Cordery, & Dunlop, 2008) and guilt proneness (Cohen, Wolf, Panter, & Insko, 2011) have been linked to ethical decision making and moral behavior, as have individual differences in cognitive moral development (Kish-Gephart et al., 2010). Although some studies have found that gender, age, education, and other demographic characteristics predict unethical intentions and behavior, meta-analytic evidence suggests that these relationships are weak and often disappear when controlling for other dispositional and situational factors (Kish-Gephart et al., 2010).

With respect to situational triggers, various aspects of the decision making context affect unethical intentions and behavior. Tenbrunsel, Smith-Crowe, and Umphress (2003) posit that this "ethical infrastructure" comprises organizational climates, informal communication systems, and formal communication systems (such as surveillance and sanctioning). People are more likely to behave unethically in contexts in which the "pressure to do wrong" is salient (Hegarty & Sims, 1978; Tenbrunsel, 1998). Likewise, fewer unethical decisions are made when there is an ethical organizational culture (Kish-Gephart et al., 2010).

In terms of the decision itself, Jones (1991) theorized that the moral intensity of an issue – measured in terms of magnitude of consequences, concentration of effect, probability of effect, temporal immediacy, social consensus, and proximity – should be positively related to ethical decision making. These relationships have generally been supported by empirical research (see Kish-Gephart et al., 2010 for meta-analytic evidence); however, it is important to recognize that studies of moral intensity have all focused on unethical intentions rather than actual behavior.

Self-control – an individual difference that varies temporally and across situations – also promotes ethical behavior. When people's self-regulatory resources are depleted they are more likely to give in to temptations to lie and cheat for monetary gain (Barnes, Schaubroeck, Huth, & Ghumman, 2011; Gino, Schweitzer, Mead, & Ariely, 2011; Mead, Baumeister, Gino, Schweitzer, & Ariely, 2009). One reason why self-control might inhibit unethical behavior could be because such behavior often has the potential for short-term gains and individuals need self-regulatory resources to forgo these gains. Indeed, an individual is more likely to behave in a way that deviates from what would normally be considered ethical if the short-term rewards for doing so are particularly high (Gneezy, 2005). Many (but not all) decisions that carry with them the possibility of unethical behavior can thus be framed as *intertemporal choices*, or choices that have consequences at different

points in time (i.e., both the present and the future). Both Madoff and Stanford, for instance, received continual short-term rewards for actions that ultimately failed to benefit them in the long-term.

Psychologists as well as economists and philosophers have noted that the potential for short-term gains can often be influential motivators because people fail to fully appreciate the future consequences of decisions that are made in the present. This model of intertemporal choice failures holds that people often act as if they are under the influence of multiple selves (Bazerman, Tenbrunsel, & Wade-Benzoni, 1998; Parfit, 1971; Schelling, 1983). Below, we briefly review multiple-self models of intertemporal decision making, and then highlight the ways in which such models may account for unethical decision making and behavior.

Multiple-self models of intertemporal decision making

The literature on multiple-self models can be divided into three broad topical, sub-areas: (1) intertemporal choice—with the idea being that people often do not save enough for their future (retired) self (e.g., Thaler & Shefrin, 1981); (2) mood states and chronic subjective well-being—with the idea being that people falsely project their immediate feelings about an event to their future feelings and fail to account for adaptation (Gilbert, Pinel, Wilson, Blumberg, & Wheatley, 1998; Gilbert & Wilson, 2007; Loewenstein, O'Donoghue, & Rabin, 2003); and (3) making commitments—with the idea being that people often commit to engaging in future activities that they do not really want to do, such as authoring chapters (e.g., Zauberman & Lynch, 2005). The research on multiple selves and intertemporal choice is most relevant to our discussion of short-term thinking and unethical behavior, and thus, we expand on it below.

Future self-continuity and intertemporal choice

Theoretical models: is the self continuous over time?

Strotz (1956) is widely recognized as the first theorist to appreciate the problem of temporally inconsistent behaviors, and to create the foundation for what have come to be known as multiple-self models. According to Strotz, people do not possess a continuous self over time. Rather, a person is best conceived as an infinity of multiple selves who are present and then absent with each successive unit of time. Drawing upon Strotz's writings, Ainslie (1975), Elster (1977), and Schelling (1982, 1984) noted that when problems with intertemporal choice arise, it often seems as if two selves are alternately in command. Schelling makes it clear that he is not referring to simple shifts in an individual's mood: "The fact that my interest in dinner is at a nadir after breakfast does not mean that, asked what I want for dinner, I shall give a negligent answer" (Schelling, 1982, p. 5). On the contrary, the cases of intertemporal choice that cause conflict for an individual are all cases in which an individual expresses values or preferences that are alternating and incompatible. In such cases, it seems as if there is a succession of "impermanent selves", all of whom want something different.

Parfit (1971) took a more extreme approach to the present versus future self-continuity question and posited that the identities of humans are not continuous over time. What truly matters, in Parfit's terms, is how *connected* we feel to past or future versions of our selves. According to Parfit, psychological connectedness varies as a function of how much time has passed between different selves. For example, one might feel more connection to a temporally close self than a temporally distant self. By this rationale, it is logical that an individual might care less about a self who is further in the future or put another way, an individual might care