Putting an End to Leaders’ Self-Serving Behavior
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Although we might hope that leaders in business environments will embrace their decision-making responsibilities with a clear head and an open heart, empirical research has shown otherwise. Instead, business leaders are often selfish. Access to resources in many organizations is a moving target, leaving many managers feeling protective of what’s theirs. And when they take more than their fair share — extra resources for themselves at the expense of others — they often do it because they honestly think they are entitled to these resources and believe they have earned the right to take more.
Where does this kind of entitlement come from?

As I’ve tried to reconcile current political events — such as the European Union’s reaction to Brexit, the continuing global refugee crisis, and the ongoing debates in the United States about tax and health care reform — with scholarly work on ambiguity and decision-making, I’ve come to think that feeling entitled to a larger share of a resource might come not from objective assessments of reality but rather from what social scientists call *motivated reasoning*. Motivated reasoning occurs when people “selectively notice, encode, and retain information that is consistent with their desires.” People use this kind of reasoning to reach conclusions that help them support their self-serving beliefs. After all, reasoning, *it has been said,* “was designed by evolution to help us win arguments.”

Understanding the effects of self-serving beliefs is a tricky business. In the last decade of research in behavioral ethics, for instance, scholars have moved away from a “bad apples” approach in which only people with poor moral characteristics are deemed likely to behave unethically. Instead, researchers have examined how people can engage in self-serving behaviors while convinced of the rightness and fairness of doing so. Few studies, however, have explored the circumstances in which this type of selfishness — one that comes with a sense of entitlement and justification — is likely to arise.

Working alongside my colleague Laura Noval of the Imperial College Business School in London, we sought to understand how organizations enable self-serving behavior. Specifically, we investigated how certain contextual and individual characteristics can facilitate motivated reasoning aimed at justifying self-serving decisions.

We explored this issue through two experimental studies, one using a hypothetical business decision-making scenario (in which 395 people participated, 52% women) and the other using a behavioral task in the laboratory (in which 239 people participated, 52% women). In both studies, we assigned participants to conditions in which they received either identical performance information with respect to another party (strong, unambiguous context), or in which they and the other party were favored by different performance criteria (weak, ambiguous context). In the latter case, participants could use motivated reasoning to convince themselves that their own performance criterion was more relevant for the task at hand, thereby convincing themselves that they deserved larger shares of the resource.

The results showed that, in fact, when there’s ambiguity in the context, people do convince themselves that they deserve more resources than others, a form of motivated reasoning that in turn facilitates their self-serving behavior. This effect was even stronger when individuals held strong ideologies that endorse status hierarchies (that is, social dominance orientation) and the belief that because of their age, race, gender, economic status, or other individual characteristics, some people should be relegated to lower levels of our social hierarchy. In contrast, when individuals held strong beliefs rooted in fairness and equality (that is, moral identity), they exhibited less self-serving behavior.

Examples of businesspeople taking more than their fair share are ubiquitous in modern organizational contexts. Some of the most vivid, recent illustrations come from
the housing bubble that arose during a period of market flux and opaque hedging strategies. The resulting crisis was driven by self-focused bankers who were rewarded for their high-risk practices, and the most profoundly affected individuals came from minority racial groups. Ten years on, the pain felt by these groups is still severe.

Given that organizational realities are often fraught with ambiguity, our research offers several strategies to prevent such contexts from prompting motivated reasoning:

Choose leaders who tilt away from self-serving frameworks. Organizations should ensure that decision makers have central (and internalized) moral identities and that people who unwaveringly endorse status hierarchies don’t always end up in positions of power, as is often the case. Organizations need to realize that, by ignoring such factors, they may be inadvertently facilitating the relationship between contextual ambiguity and motivated reasoning.

Create systems that reinforce fairer evaluations. Our findings underscore the need for managers to not only create systems and processes that incorporate a consideration of stakeholder needs and interests, but do so clearly, unambiguously, and consistently to prevent motivated reasoning from taking place. For instance, decision makers in organizations may be able to convince themselves that certain stakeholders are more deserving than others without realizing that they have reached such conclusions due to their motivated biases. Organizational systems and processes can make moral concerns more or less salient to employees. Competitive environments and contexts that intensely emphasize financial concerns, for instance, can prompt organizations to unwittingly facilitate motivated reasoning and self-serving behavior.

Recognize the added complexities that arise on the global stage. Operating globally increases the ambiguity surrounding decision-making and presents decision makers with more complex, multifaceted issues than they face in domestic business. In many emerging and developing countries, institutional environments are weaker — as compared to economies at high levels of development — and involve arbitrary law enforcement, bureaucratic irregularities, and widespread corruption, all of which might reinforce the contextual ambiguity of situational cues. Organizations should give their employees explicit, clear guidelines for engaging in cross-cultural interactions to reduce contextual ambiguity. Doing so will produce a more holistic, comprehensive understanding of other global business contexts in which decisions are less susceptible to self-serving interpretations.

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