Money, Morality, Digitalization

or: Why is it so difficult to be a good person – especially in digital times?
About Me

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Economist, German Economic Institute

Prof. Dr. Dominik Enste is Professor for Behavioral Economics and Business Ethics at the Technical University of Cologne (TH) and Scientist at the IW Cologne. He is also Founder and Managing Director of the IW Academy for Integrity. His main research focuses on human decision making e.g. bounded morality and rationality and its impact and relevance for leadership, change management and society. He published more than 25 books and more than 100 articles and is according to the FAZ Ranking among the 100 most influential economist in Germany.

Lecture: "Why is it so difficult to be a good person – especially in digital times?"
Agenda

1. Conflicts: Money vs. Morality
2. Causes: Five Arguments
3. Conclusion: Compliance, Culture, Conduct
Monty Python – Investment Banker
Conflicts between People, Profit, Planet
3 Level for Solutions

1. Individual: Conduct

2. Company: Culture

3. State Level: Compliance
Approaches for Solutions

Laws and Regulation

Values and Believes

Genes, Education, Socialisation

Compliance

Culture

Conduct

The 3 Level Approach

Agenda

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Why is it so difficult to be a good person?

1. Model Learning: „A Fish Rots From the Head Down“

2. Darth Vader Effect: „The Slippery Slope“

3. Fundamental Attribution Error: „Only bad people do evil things“


5. Overconfidence: „Better than average effect“
The Honest is the fool!
Why is it so difficult to be a good person?

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A brave and altruistic boy...
... becomes a successful and honoured leader ...
... and later a desperate fighter ...
... who succumbed to the temptation of power!
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Fundamental Attribution Error

„Only bad people do evil things”
Study: The Good Samaritan – Students of Theology

Risk:
- Time Pressure
- Profit Pressure
- Sales Pressure
- Digitalisation...

Functioning not Acting

Percentage of Students, who helped

<table>
<thead>
<tr>
<th>Experimental Conditions</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stressful</td>
<td>10%</td>
</tr>
<tr>
<td>Control</td>
<td>45%</td>
</tr>
<tr>
<td>Relaxed</td>
<td>63%</td>
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Diffusion of responsibility

- Followed Orders
- Upwards
- External
  - Delegation to external Institutions, „the“ KI or „the“ competition
- Downwards
- Management by Objectives
- Internal
  - Commitees (Risk, Legal, Compliance)
Why is it so difficult to be a good person?

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Overconfidence
Results from our studies

Own estimations of abilities – N = 590

Intelligence

- Below average: 0%
- Average: 69%
- Above average: 31%

Intelligenz

Own estimations of abilities
N = 590

Results from our studies

Prof. Dr. Dominik Enste
Results from our studies

Own estimations of abilities – N = 590

Intelligence

- Below average: 0%
- Average: 69%
- Above average: 75%

Attractiveness

- Below average: 31%
- Average: 19%
- Above average: 0%

Own estimations of abilities – N = 590
Results from our studies

Own estimations of abilities – N = 590

<table>
<thead>
<tr>
<th></th>
<th>Intelligence</th>
<th>Attractiveness</th>
<th>Morality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below average</td>
<td>0%</td>
<td>6%</td>
<td>0%</td>
</tr>
<tr>
<td>Average</td>
<td>69%</td>
<td>75%</td>
<td>44%</td>
</tr>
<tr>
<td>Above average</td>
<td>31%</td>
<td>19%</td>
<td>56%</td>
</tr>
</tbody>
</table>

Intelligence: niedriger als der Durchschnitt, durchschnittlich, höher als der Durchschnitt

Attraktivität: niedriger als der Durchschnitt, durchschnittlich, höher als der Durchschnitt

Moralität: niedriger als der Durchschnitt, durchschnittlich, höher als der Durchschnitt

Own estimations of abilities – N = 590

Results from our studies
Agenda

1. Conflicts: Money vs. Morality
2. Causes: Five Arguments
3. Conclusion: Compliance, Culture, Conduct
Compliance
Combination of Conduct, Culture and Compliance
Culture

Combination of Conduct, Culture and Compliance
Distribute 100 Points on the four elements (Reality).
Distribute 100 Points on the four elements (Wish).
Organisational Culture – Finance Industry/ Big Companies

Collaboration

Creating

Controlling

Competition

Conkurrieren

Kontrollieren

Erschaffen

Zusammenarbeiten

Controlling

Collaboration

Creating

Controlling

Competition
Reality in the Financial Industry/ Big Companies

- Collaboration
- Creating
- Controlling
- Competition

„The Dragon“
Wish and Reality in the Financial Industry/ Big Companies

„From Dragon to Diamond“
Organisational Culture – START UP

- Collaboration
- Creating
- Controlling
- Competition
Ist – Beschreibung – Start up

„The Bathtub“

Reality

Collaboration

Creating

Controlling

Competition
Wish and Reality – Start up

„From Bathtub to square“
Conduct

Intuitive Imperative

1. Look in the mirror
2. Talk to a friend
3. Disclose your true motivation to the affected person