ETHICAL MINDFULNESS: A GUIDE FOR NEW FINANCIAL SERVICES PROFESSIONALS

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Thomas Aquinas Reynolds Professor of Law at the Georgetown University Law Center in Washington, DC

If you're like most people about to take a job (or hoping for one) in the financial services industry, you think of yourself as having decent moral character. You've also heard plenty from acquaintances and in the media about rampant greed and other pervasive ethical failures in the industry. So, at least somewhere in the back of your mind—or maybe even front and center—are questions about whether the pressures to "produce," bring in clients, or generate fees will compromise your values and turn you into a person you don't really want to be.

This guide is meant to help you make the transition into the financial services world while staying true to your ethical bearings. There will be nothing sermon-like in what follows. It will offer some practical advice—things to think about, questions to ask. But mainly it is about mindfulness. The financial services industry is made up of many decent, well-meaning people. There are some thoroughly "bad apples," but not all that many. If this is so, however, how do we explain the troubling unethical behavior that too often seems to occur? There are many possible answers to this question, but the ones I will focus on here come from a fast-growing body of research on how, when, and why ordinary people "cheat" by taking unfair advantage of others. I put the word "cheat" in quotation marks because one of the most important findings is how fuzzy and subjective the very notion of cheating can be—many people who cheat (as the victim or a neutral observer would see it) *often do not perceive what they are doing as cheating.*

The highlights of this research now appear in best-selling books and extensive media coverage, so it is by no means a deep academic secret. What I will do here is connect it concretely to the world you are entering as a new professional. This guide will be about how easy it is, especially in the stress of a hypercompetitive, fast-paced financial marketplace, to rationalize the abuse of a client's or customer's trust as the normal way business is done. I will give you suggestions about what you might do to avoid the kinds of blind spots that so often ensnare good people in this profession, with serious, sometimes catastrophic, consequences for themselves, their clients, and the investment industry. It's about staying on the ethical path amidst all the temptations to wander elsewhere.

THE HIGH-PRESSURE WORLD OF FINANCIAL SERVICES

Many financial services professionals find themselves in a world of high pressure to perform. These pressures vary considerably from firm to firm and job to job and even within firms and jobs over time. Financial services firms make money in a variety of ways, but the main ones are through transaction-based income (e.g., commissions), advisory-based income (e.g., account fees) and trading for the firm's own account as market-makers or investors. (Many firms specialize in some but not all of these activities, of course). Historically, transaction-based fees were central for brokerage firms; today, because of technology and market innovation, margins on commissions have shrunk. On the sell side, there is a proliferation of financial products—often very complicated—with varying income potential in terms of high commissions, mark-ups, or fees. "Getting into the customers' wallets"—and revenue generation generally—is the often-repeated goal in certain areas of the industry. For investment analysts, the pressures are to get order flow from satisfied clients but also to please companies being covered that might be the source of fee-based revenue to other parts of the firm, like the investment banking division.

From these pressures comes temptation. Of course, clients strongly want to avoid unethical advisers and will punish cheating by taking their business elsewhere, and regulators stand ready to punish as well. But it's a dilemma because there will often be situations where clients are too unsophisticated or gullible to fend well for themselves, and the volume of investment-related activity in the economy dwarfs what regulators can effectively police. The temptations are there, and your mind knows it.

Pressures to produce can come from employers who want to succeed financially and understand that in a competitive marketplace firms that lag behind rarely survive for long. As a result, personal attributes such as being bold and a step ahead are often highly valued in the workplace, which can be problematic if not restrained. It is easy, however, to project responsibility to others when, in fact, the strongest pressures are self-imposed. Many people go into financial services with an intense personal desire to succeed and the awareness that success does not come easily in a hyper-competitive marketplace. Intensity, enthusiasm, and focus are character traits common in the industry that mark a high competitive instinct (sound familiar?), sometimes coupled with an equally strong fear of failure. The highly driven don't need firm-level pressure to succumb to temptation.

Personal incentives or deterrents are not the only source of pressure. Firms are social organizations and can sometimes come to feel like families. A team leader might feel pressure or anxiety and exert authority to pressure subordinates to go along. Most of us underestimate the extent to which we naturally respect authority and follow orders. Just as powerfully, a combination of peer pressure and a genuine feeling of group identification and loyalty can prompt a willingness to take advantage of others in order to aid or protect "the team."

We shouldn't be overly dramatic. Many financial services firms seem committed to good ethics, warn against these temptations, and try to be supportive of good ethical self-discipline. Giving in to temptation creates legal and reputational risks for firms. But we wouldn't be hearing so many calls for greater ethical sensitivity in financial services if it were all that easy.

FINDING THE RIGHT JOB

Perhaps the most important thing you can do to maintain your ethical bearings is find a job that will support that commitment rather than undermine it. Some young people take pains to avoid asking about ethics in their job search for fear of being tagged as someone unfit for "competitive combat." That's your call, but you're already sliding down a slippery mental slope (more on this later) if you're worried about being too ethical. If an interviewer or human resources person looks at you with surprise for asking questions, think hard about whether this really is the place for you.

HERE ARE SOME THINGS YOU MIGHT THINK ABOUT DURING THE JOB SEARCH:

Do you have a sense of how aggressive you will need to be to succeed at the firm? Is your area of the firm extremely competitive? If so, find out more about what you need to do to be successful there and whether there is a path to success that would allow you to consistently do what is right by your clients.

How is success defined at the firm? If you just hear things about hitting numbers, inquire further. The best responses will discuss building long-term relationships or helping clients achieve goals, not just generating revenue. You may also want to ask about programs and training the firm has to help you improve as a new professional and serve your clients. An ethical culture depends on instilling and reinforcing good habits.

Do ethics play an explicit role in the compliance function? For example, you might ask how the firm is structured from the top down to find out more about the compliance function. A question like this will show your interest in the management of the firm and that you are thinking long term; in the process, you should also be able to learn who bears responsibility for compliance and ethics. Get a sense of the firm's culture and values and whether they are aligned with yours. If you get vague answers, you need to at least try to learn discretely about the firm's reputation and then think about whether to keep looking if you are not satisfied that compliance and ethics are a high priority.

Of course, you have to listen carefully while sorting through all of this. More firms say they have good ethical cultures than actually have them, and even those that honestly think they take ethics seriously don't always follow through. So, ask people outside the firm about its reputation, research it online, and read reviews of the firm by current and former employees. You can also get some hints from surveys of clients and job-satisfaction ratings (after all, it's not particularly satisfying to work somewhere that generates fear and anxiety among its employees).

NOW THAT YOU'VE GOT THE JOB

Ethics is filled with gray areas and questions with no obvious answers. So, where do we find the traction to talk meaningfully about standards of ethics in financial services? Let's begin with some fundamentals.

Trust and Integrity

What you think is right or wrong is not the point of view that matters most. Your ethics will be judged by others, often with significant consequences. Two aspects of ethical character are most often judged. One is integrity, which demands that your conduct be consistent with the basic moral principles you purport to embrace. The second is trustworthiness. Can others depend on you not to take unfair advantage of them when they rely on you? Honesty—the willingness to speak the truth—is a big part of both integrity and trustworthiness. Ethical reflection is necessary to anticipate the reactions of others to your choices.

Let's assume that you are a financial services professional who acts as an investment adviser to clients. Your clients expect both integrity and trustworthiness from you. In a survey done in 2013, 35% of investors said that the ability to trust a financial adviser or asset manager was the most important factor in choosing one, significantly more than the ability to generate large returns.[1] If clients lose faith in your ethics, they will leave you for someone else. And word gets around. Your reputation is a big part of whether you will succeed in the long run. You don't always get a second chance to make a good impression in this business, or in life generally. This is especially true today, when the internet and social media can make damaging publicity—true or not—both widely accessible and pretty much permanent

Regulators May Judge You, Too

That takes us to another external source of ethical judgment: regulators. The financial services industry is highly regulated, and client or customer protection is a subject of growing concern. Whether via a client complaint or through something discovered in the course of a routine inspection, your behavior toward your client can become the subject of a disciplinary proceeding, a lawsuit, or arbitration. This can lead to reputational harm, sanctions, fines, penalties, and worse.

Although this brings law, not simply morality, into play, the difference between the two may be less than you think. In the United Kingdom, for example, regulators introduced the highly publicized "Treat Customers Fairly" initiative that requires firms to create procedures to assure fair treatment, with sanctions for falling short of expectations. In the United States, those working as investment advisers are considered fiduciaries and thus expected to act at all times with the best interests of the client in mind, i.e., carefully and loyally. Persons associated with brokerage firms have an obligation to act in accord with the "just and equitable principles of the trade" in carrying out their responsibilities, and the law suggests that they make an implied representation of fair dealing to their customers. These duties extend beyond those who interact directly with clients and reach investment analysts, investment bankers, and the like.

These legal/ethical obligations are your employer's as well. Misbehavior by an adviser, broker, analyst, or other employees can easily become the basis for punishing the employer, based on a claim of supervisory failure. An employer looking at what you did will have its own potential liability to worry about, along with the reputational damage that publicized misconduct can create. Even (or maybe especially) if your misbehavior was the result of pressure inside the firm, the firm may make you the scapegoat—get rid of you and even assist the regulators in pinning the blame on you and you alone. This is not always fair, but it happens.

The law in this area is highly complicated, and this is no place for a detailed description of the regulatory landscape. The point is that any reference to "treating customers fairly" or acting in a way that is "just and equitable" necessarily involves ethical judgment. If it comes to that, regulators, judges, and arbitrators will be applying laws and regulations that were drafted to assess your behavior as to whether it comported with the higher norms of integrity, trustworthiness, and honesty that financial services professionals are expected to exhibit.

Developing an Ethical Mindset

So, avoiding trouble is not a matter of persuading yourself that what you've done is OK but making sure that *others* who matter to your career—clients, employers, regulators, judges—agree. As you are about to see, it becomes very easy to develop self-serving mental assessments of your own conduct or miss ethical issues completely. Someone who feels hurt by what you did may have exactly the opposite bias: to attribute the entirety of the blame to you. "Neutral" observers will bring their own assessments, from whatever point of view they have.

As much as anything, the message is to develop good habits of ethical awareness and ethical reflection that don't get caught up in self-serving rationalizations. It is about learning to spot and think through ethical dilemmas through the eyes of others who matter. This is not easy by any means. I'll come back to this shortly and offer some practical advice. But first, let's look more closely at some lessons from behavioral ethics.

BLIND SPOTS AND RATIONALIZATIONS: SOME RESEARCH

Even if you've never experienced it in a professional setting, most all of us know what it is like to struggle with an ordinary moral dilemma. It involves a mixture of thinking and gut feeling. But to reach that stage, our mind has to identify the issue as a moral one, and such awareness often comes late or not at all. Many ethical shortcomings result from not seeing (or sensing) the moral dimension in time to react properly. Instead, we treat things as normal and ordinary and pay no special attention because nothing "feels" wrong.

It is commonly said that people see what they want to see and what they expect to see. These two insights can be a source of trouble because our wants and expectations can be self-serving. Consider a study by Max Bazerman and his co-authors at Harvard Business School. Accounting students and experienced accountants were asked to estimate the value of a company that was being sold by using a set of financial information. They were told to be as objective as possible and that they would be rewarded on the *accuracy* of their valuations. They were randomly divided into four groups identifying who they were—the seller, the seller's auditor, the buyer, or the buyer's auditor. But just that difference had a dramatic effect. "Sellers" valued the imaginary company much higher than did "buyers." Even among the auditors—with a professional norm of objectivity bolstering the instructions—there was a 30% difference between sellers' auditors and buyers' auditors.[2]

No one was cheating here (there was no reason to cheat). What this illustrates is the self-serving baseline even in assessing "fair value," which in turn, shows how hard it is sometimes to perceive unfairness from others' point of view. Risks and harms to others never even come into consciousness or are interpreted in a way that obscures any ethical dimension—something occasionally referred to as "ethical fading."

Consider another example, from Dan Ariely's eye-opening book about behavioral ethics, *The (Honest) Truth about Dishonesty*. Management at the Kennedy Center for the Performing Arts in Washington, DC, was concerned about the disappearance of almost $150,000 in inventory and cash from the center's gift shops over the course of the year and set out to find the thief. What they ultimately discovered was that there was no one thief. Rather, gift shop volunteers (mostly older retirees) had apparently come to think that taking a little something home was one of the perks of their service, and this behavior had grown rapidly into a big problem as the takings became larger and more frequent. Presumably, it never occurred to them that this was stealing, or if it did, "everyone" was doing it—and how could the bosses mind such a little reward for their tireless service? In other words, they rationalized their behavior.

Ariely ties this to research on how much people cheat when they have no reason to fear being caught. Consider the following example: You are asked to solve a series of math problems under time pressure and claim a certain amount of money for each right answer. No one will check your answer sheet—you shred it yourself before declaring the number of right answers you got and collecting your money. Researchers know from testing and scoring a large enough sample of takers that the average person actually gets around 4 out of 10 correct. The self-scorers, however, claim around 6 right answers and put that much more money in their pockets.

These results are interesting. On the one hand, they demonstrate the average person's propensity to cheat, which itself is sobering. On the other hand, if you're going to cheat and won't be caught, why not claim credit for 10 instead of 6? The answer appears to be that people can rationalize 1 or 2 extra right answers more easily than perfection. Just a pencil mistake, or I actually am better than this at math so 6 was what I really deserved, or whatever. But 5 or 6 extra would be impossible to claim without having to admit to yourself: *I'm cheating*. And that's where we draw the line. We may cheat, but only to the extent our self-serving rationalizations allow us to avoid seeing ourselves as cheaters. (Of course, these are results on average; there are plenty of scrupulously honest people who claim no more than what they earned.)

Making Cheating More or Less Likely

As a result of this kind of research, we have many insights about how self-serving bias promotes cheating in settings familiar to financial services professionals. The relative incidence of cheating goes up, for example, when the room where the experiment is taking place is decorated with the trappings of wealth (pictures of yachts and fancy cars, etc.)[3]—and down if the Ten Commandments or even a poster of a watchful eye is posted nearby. People cheat more when tired or stressed, and cheating can be contagious—evidence that someone in the room is cheating will lead to a greater number of others doing the same.[4]

Other research sheds more light on the temptation to take unfair advantage. Suppose someone has a conflict of interest in the role of adviser to another (i.e., will earn more or less money depending on what the advisee chooses). As you can guess, that introduces a self-serving bias. Suppose then the person with the conflict of interest discloses it to the advisee. Rather disturbingly, the tendency to take advantage *goes up* after such disclosure, presumably because the discloser feels more free to act in a self-serving way having given due warning to the client.[5]

Temptations in Highly Competitive Settings

As you may also guess, the temptations grow stronger in settings that are highly competitive. The rewards may be greater—triggering the greed impulses in our brains—but perhaps even more importantly, heavy competition prompts a fear of losing, both in material terms (e.g., being denied an expected bonus or being fired) and in terms of ego. Fear of loss may well weigh more heavily in our perceptions and inferences than the hope for gains. And competition itself can generate a visceral thrill that distorts good judgment.[6]

Perceiving Change and the Dangers of the Slippery Slope

Many ethical issues do not appear all at once but, rather, come into focus incrementally. The first time something bad happens, it's easy to perceive it as an aberration, maybe just an odd mistake. You don't take much notice or explain it away. But if it happens again, will you become more alert? Perhaps not, especially if these instances unfold slowly. Many psychologists refer to the "boiling frog" problem: Although a frog might jump out of a pot if put directly into hot water, it will stay in the water and die if the water is cool initially but the heat is gradually turned up. (It is not clear that this is what frogs actually do, but you get the point.) Another researcher put it a different way—once we're in water long enough, we no longer sense that we're in the water. Things seem normal and ordinary, even when they are changing. And that makes it hard to trigger ethical mindfulness. Indeed, many ethical failures come not from what we choose but what we ignore.

This relates to the infamous slippery slope. Self-serving inference leads to relatively restrained opportunism, at first. But those first small steps keep moving the line of appropriateness so that gradually the steps move considerably beyond the initial line between right and wrong. If there is one powerful message from all this research, it is that it does not take all that much for a person to "innocently" begin a descent that ends in fairly serious wrongdoing. After a few such steps, some consciousness of wrongdoing may kick in, but at that point, the person is in too deep and the temptation to take even greater risks to get out of trouble and cover-up what has already been done becomes overwhelming. Research at the Wharton School of the University of Pennsylvania showed how financial misreporting by public companies frequently begins with small acts of earnings management by overoptimistic managers. They seem genuinely to believe at first that what they are doing gets closer to accurate reporting. But in the next period, things get worse rather than better, and what it takes to reconcile the reporting and the reality becomes more aggressive. So, they push a bit harder. From there the downslide is predictable: The companies the researchers were studying were those that eventually found themselves at the bottom of the slope, in serious legal trouble with securities regulators.[7]

The point, of course, is that these were otherwise honest people—much like me and you—who got caught up in a lie. In the beginning, they would have denied vigorously that they had any intention of doing anything wrong. Once the downslide starts, however, it's hard to get out. What I'm stressing here is the need to develop the ability to see something like this coming before the trap closes on you.

REAL-LIFE EXAMPLES FROM FINANCIAL SERVICES

Let's now bring this directly into the world of financial services. We've already seen some examples—researchers who have studied accountants have come to doubt that there is any way to reduce auditors' bias toward seeing the numbers the client's way except by removing as many conflicts of interest as possible.

Consider a stockbroker advising a client about some investment opportunities. The client has expressed an interest in a certain complicated product (a variable annuity, perhaps) because of some publicity or marketing material she saw. The income to you and your employer from selling these kinds of products is considerable, and you feel some pressure to do so from your bosses. Your ethical and legal obligation is to recommend products that are suitable for her needs and to ensure that she understands their costs and risks. Without doubting that every situation is different, my suspicion is that you and your colleagues at the firm will be motivated to see the product in its best light, to overstate its attractive features and understate its costs and risks. Just as importantly, you are likely to overestimate your client's capacity to understand and appreciate those costs and risks ("Surely she must realize that high yields always carry more risk. . . . She seems pretty sophisticated"). All this makes the product easier to sell. And if you do make the sale, it will be easier the next time to use that sale as a new baseline for what the client wants and needs—the slippery slope.

One of the easiest kinds of trouble brokers and advisers get into is for forging their client's signature on an authorization form. This often starts innocently enough—you know the client wants to do this transaction, but paperwork is a hassle. But what the client "wants" can readily become a product of the broker's imagination, eventually leading to unauthorized trading, churning, and misappropriation.

Now turn to the sell-side investment analyst. Some time ago, there was a major scandal with evidence in the form of internal e-mails showing that analysts were rating companies as a "buy" even though they had private doubts about the quality of those companies. The allegations were that the analysts did this deliberately, under pressure from their investment banker colleagues, who coveted the fees from continuing and future business from those clients.[8] Perhaps so, but I suspect that bias played a large role, too. Optimistic assessments make those around you happy, especially company officials who are likely to reward you with greater private access to information, and so on. Go pessimistic and many people become angry; access may be cut off. Thus, the motivation is there to see things in a positive light, and once you do so with a "buy" recommendation, you are mentally locked in to that belief. You will resist information that suggests you were wrong until much too late, at which point you may write some ill-considered e-mails. Maybe you never admit you were wrong, even to yourself.

FIRM CULTURES

Professional surroundings have a big influence on ethical perceptions and choices. They can be fairly obvious—hard-to-meet quotas, incentive rewards and penalties, demanding bosses. They can also be subtle. Recall that trappings of wealth have interesting effects on ethical choice. Guess what happens when you work at a place where the employee parking lot is filled with luxury vehicles or your boss makes an ostentatious display of his most recent bonus check?

As we saw earlier, social pressure can come from many sources. Firms work hard to get their employees to bond with each other, a teamwork-based approach designed to make employees part of a corporate family. Loyalty is generally prized as a virtue and indeed is a big part of being ethical, but it can be the source of wrongdoing as well. Some of the research described earlier indicates that willingness to cheat goes up when the cheating benefits others rather than oneself.[9] Much harm can happen in the name of loyalty, affection, and obedience when commitment to an institution overrides a commitment to good ethics.

Good employers understand all this, but countering these effects is not easy precisely because loyalty and obedience (as well as high motivation to perform) are positive virtues that play a key role in the firm's success. Finding a healthy balance is a daunting challenge, especially in highly competitive lines of business. In such settings, employers often recruit junior people who have shown success in school based on high-level achievement in athletics, student politics, and so on. The human resources playbook is to look for people with passion, intensity, focus, loyalty, and the like. Such people are indeed more highly motivated and likely to succeed. But it shouldn't surprise you at this point that such characteristics also describe people who are more likely to unconsciously make ethical compromises in order to achieve that success. And remember that ethical lapses are contagious. As we saw earlier, the more people in the firm there are who step over the line too easily, the more others in the firm are likely to follow them.

TOWARD GREATER MINDFULNESS: WHAT TO DO?

If by this point you have the humility to see that these are tendencies that affect all of us, you may now be discouraged. The financial services industry is overloaded with motivation to produce, anxiety about falling short, and opportunity to take advantage of others. Is it possible to maintain your ethical bearings in this business?

The answer is yes, even though it will not always be easy. You will meet many people in the business who have survived these pressures with their sense of right and wrong reasonably intact. Remember the survey evidence on how important to so many clients having an ethical investment adviser really is. Credibly communicating trustworthiness—and keeping to that promise—has value.

Try to See Yourself and Your Actions through the Eyes of Others

As hinted earlier, there are ethical habits of mind that help, even if they don't magically produce easy answers. Much unethical behavior arises out of ethical fading—not construing what you are confronting as an ethical issue in the first place so that no conscious ethical deliberation ever happens. Go back to our example of the broker selling a risky and costly annuity, believing without a glimmer of doubt that the client wants a product like that and has the capacity to understand the risks without much assistance. That mental frame turns this into a normal arm's length business transaction, not an ethical challenge.

But now see if you can understand this same setting through the client's eyes. The client pays you as an adviser because he doesn't feel comfortable making his own decisions. Investing is very anxiety producing, especially these days when one's financial security (and the security of loved ones) depends on making good choices in the face of massive uncertainty. Many other emotions drive investor behavior as well, and many investors project more confidence in themselves than is warranted. What the client "hears" when a trusted adviser recommends something is that the adviser genuinely believes it to be the best possible choice for the client. That is a very different outlook from the adviser's, involving a great deal more dependence and vulnerability.

So, the key is learning to appreciate what your behavior looks like from the point of view of those whom your actions affect. It is an exercise in caring; it isn't easy, but it is learnable with practice. That is a virtue in itself but also has a practical dimension when you realize that if the client ever comes to doubt you, it will be the client's mental narrative—not your own—that determines whether you lose his business and perhaps become the subject of a complaint. If the latter happens, or the situation otherwise turns messy, a regulator, judge, or arbitrator may be the one to develop a mental narrative, and once again, your own self-serving perceptions probably won't be very persuasive. You may think this is unfair, since you didn't mean to do anything wrong. Maybe so, but others pass judgment in hindsight, which may be particularly harsh if there was a causal connection between what you did and some serious harm to the client. The damage is done. Maybe you could have avoided it had you been able to take off the mental blinders.

What If It Were Your Mother?

One famous bit of advice is to ask whether you would be doing and saying exactly the same thing if your mother, or anyone else about whom you care deeply, were the client. Alternatively, what would your mother say if she saw you dealing with the client as you are doing? Another higher level version of this is the newspaper test—would you be comfortable if what you were about to do was publicized for the entire world to see? (Today we might substitute going viral on YouTube in place of being published in a newspaper.) All these are just prompts, designed to shift your frame of mind in a way that clears away the self-serving rationalizations.

Find a Mentor

Mentors working in the industry—people you trust and can approach to discuss ethics—can be very valuable. Of course, you have to keep confidentiality in mind, so—unless the wrongdoing is particularly severe—sensitive discussions of specific client matters and other confidential information have to stay within the firm. Look within the firm to more senior people who seem open to and interested in nurturing an ethical environment to preserve the firm's reputation. Covet your relationship with people who have found success while maintaining their ethical balance. As long as you respect their time, they'll probably appreciate the attention. A good topic for conversation might arise when other firms or financial services professionals make the news in a bad way. Why does the mentor think it happened? Could it happen here? Just as important, if not more, is to discuss instances of good ethical behavior or situations in which problems were avoided. Again, listen carefully and draw from the insights. Be grateful for the lessons.

As to coming to your mentor with specific ethical dilemmas you're facing, be careful. Keep in mind that no one likes to have other people's problems dumped on them. And taking issues outside the firm's supervisory hierarchy has to be handled with great sensitivity, so use good—mindful—judgment. Sometimes discussions can be hypothetical so as to avoid naming names. On the other hand, when the matter is serious enough, it may be necessary to involve your mentor as well as follow the protocols your firm has in place for bringing evidence of suspected wrongdoing to the attention of the appropriate people.

Ethical Reminders

In the end, it's all about being open to serious ethical reflection. As the research shows, reminders can help—for example, something prominently displayed in your work space that has a positive ethical connotation. You could keep an ethics folder, containing codes of conduct and rules as well as other things you've found interesting or enlightening. It's not so much the precise nature of the reminders so long as the message causes you to reflect rather than be trapped deep in the blind spots. Ethical mindfulness is mainly about caring and paying attention. That you've read this guide all the way to the end is a good sign.

KEYS TO ETHICAL AWARENESS

1. Rationalizations: Beware of how easy it is to rationalize your own self-interest, setting a mental trap that can endanger your reputation and even your career.

2. The Race for Success: Don't become too caught up in the race for success—some of the traits of highly motivated individuals, like focus and intensity, can lead to ethical blindness.

3. The Eyes of Others: Learn to spot and think through ethical dilemmas through the eyes of others.

4. Client Doubt: Never give your clients reason to doubt your integrity—if a client comes to doubt you, it will be the client's point of view, not your own, that determines whether you lose business and perhaps become the subject of a complaint.

5. The Family Test: Ask yourself whether you would be doing and saying exactly the same thing if your mother were the client, or someone else about whom you care deeply.

6. The Publicity Test: Consider whether you would take the same actions if what you were doing was publicized for the entire world to see.

7. The Slippery Slope: Keep in mind that the "slippery slope" is real: Seemingly innocent actions can ultimately lead to big problems one small step at a time.

8. Group Pressure: Resist peer pressure and the strong feelings of group loyalty that can lead to a willingness to lie or take advantage of others for "the team."

9. Business Mentor: Find and hold on to at least one person who can act as mentor who can advise you on professional matters that include compliance issues and ethical choices.

10. The Impact of One Person: Recognize the impact of one person's actions on how others behave, for good or bad.

Endnotes

[1] CFA Institute and Edelman Investor Trust Study (2013), available at http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2013.n14.1.

[2] Don A. Moore, Lloyd Tanlu, and Max H. Bazerman, "Conflict of Interest and Intrusion of Bias," *Judgment and Decision Making*, vol. 5, no. 1 (February 2010):37–53.

[3] Francesca Gino and Lamar Pierce, "The Abundance Effect: Unethical Behavior in the Presence of Wealth," *Organizational Behavior and Human Decision Processes*, vol. 109, no 2 (July 2009):142–155.

[4] Francesca Gino, Shahar Ayal, and Dan Ariely, "Contagion and Differentiation in Unethical Behavior: The Effect of One Bad Apple on the Barrel," *Psychological Science*, vol. 20, no. 3 (March 2009):393–398.

[5] Daylian M. Cain, George Loewenstein, and Don A. Moore, "The Dirt on Coming Clean: Perverse Incentives of Disclosing Conflicts of Interest," *Journal of Legal Studies*, vol. 34, no. 1 (2005):1–25.

[6] John Coates, *The Hour Between Dog and Wolf: Risk Taking, Gut Feelings and the Biology of Boom and Bust* (New York: Penguin Press, 2012).

[7] Catherine M. Schrand and Sarah L.C. Zechman, "Executive Overconfidence and the Slippery Slope to Financial Misreporting," *Journal of Accounting and Economics*, vol. 53, nos. 1–2 (February–April 2012):311–329.

[8] SEC Global Settlement Fact Sheet, available at http://www.sec.gov/news/speech/factsheet.htm (28 April 2003).

[9] See Francesca Gino, Shahar Ayal, and Dan Ariely, "Self-Serving Altruism? The Lure of Unethical Actions that Benefit Others," *Journal of Economic Behavior and Organization*, vol. 93 (September 2013):285–292.

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