

# Implicit Bias and the Investigation

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## Bias – What is it?

***Bias*** - The inclination or tendency to present or hold a partial perspective that is preconceived or unreasoned.

Bias can lead to the unfair treatment of people who are involved in or are the subject of an audit or investigation. Bias can also lead to inaccurate interpretations of information and records.

The result is a deterioration of the impartiality that is at the core of all audits and investigative functions.



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## Possible Impact of Bias on Investigations

- The real perpetrator gets away.
- The wrong person is punished and that person's reputation is unfairly tarnished.
- Reputation of and trust in the investigative function is damaged.
- Workforce morale is adversely affected.
- The organization is the target of negative publicity.
- Potential
- Financial liability to a terminated employee.



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## Bias can be:

1. Conscious
2. Unconscious (also called *implicit bias*)



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## Unconscious Bias

- Unconscious (implicit) biases - Biases that the holders are not aware of at the time the biases are affecting them
- Humans have more of these unconscious biases than they would care to admit.
- They are not necessarily a bad thing. The ability to make snap judgments about whether an animal is friendly or deadly has contributed to the survival of the human species.



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## How Unconscious Biases Affect Investigations

- Biases regarding the guilt or innocence of someone alleged to have committed an offense
- Biases toward supporting an initial hypothesis of who committed an offense (or whether an offense was even committed)
- Biases in how individuals conduct interviews
- Biases of the people being interviewed



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## Common Types of Unconscious Bias

- Affinity bias
- Confirmation bias
- Bounded awareness
- Priming
- Anchoring
- Group-think



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## Affinity Biases (In-Group Favoritism)

A natural tendency to favor others with whom we are most comfortable. And people tend to be most comfortable with those whom they have the most in common with, such as shared:

- Age
- Race
- Religion
- Education
- Cultural background
- Gender
- Geographic location or origins
- Sports and other Interests
- Club memberships



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## How Affinity Bias Affects Us

- Effect on how we consider allegations
- Effect on consideration of evidence gathered from individuals
- Effect on how we consider representations made by individuals
- Effect on interviews



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## How Affinity Bias Affects Interviews

- Affinity bias can affect the quality of interviews because interviewers (like all people) naturally feel more comfortable around individuals they share characteristics with. This means during interviews they are more inclined to either
  - a. spend more time conducting interviews with these people, perhaps resulting in a more thorough interview, or
  - b. be less likely to identify signs of deception during the interview because of the increased level of implicit trust they hold.
- And the opposite can hold true in conducting interviews with people they have little in common with. These interviews tend to be shorter (less small talk and establishing of rapport) or the interviewer might be unconsciously looking for signs of deception.



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## Confirmation Bias

- The natural tendency that people have to seek out or interpret existing information in a manner that supports their existing hypothesis, belief, or expectation.

“I will look at any additional evidence to confirm the opinion to which I have already come.”

—British politician Lord Molson



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## Some Science Behind Confirmation Bias

- In one study participants underwent fMRI brain scans while they read political quotes from two opposing candidates in a recent U.S. presidential election.
- In each case, one statements was consistent with the candidate’s political beliefs and the other quote was contrary to the candidate’s beliefs.



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## Some Science Behind Confirmation Bias

- The 30 participants had no problems seeing the contradictions in the statements attributed to the candidate they disagreed with, but notable levels of distress in the brain were detected when reading contradictory comments attributed to the candidate they supported. This distress is called *cognitive dissonance*.
- In response to the cognitive dissonance, the researcher noted that “Not only did the brain manage to shut down distress through faulty reasoning—but it did so quickly. The neural circuits charged with regulation of emotional states seemed to recruit beliefs that eliminated the distress and conflict.”



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## Some Science Behind Confirmation Bias

- But it didn't stop there. The brain continued its work “activating reward circuits that give partisans a jolt of positive reinforcement for their biased ‘reasoning.’”
- This is just one of many studies that show that human brains do not like conflict and distress, and they take action—action we are not consciously aware or in control of—to eliminate the conflict and distress.



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## Manifestations of Confirmation Bias

1. Only considering , or placing exclusive reliance on, evidence that supports an existing hypothesis
2. Interpreting evidence or information in a manner that supports an existing hypothesis
3. Only registering information during an interview that supports an existing hypothesis



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## Bounded Awareness

- A type of unconscious bias in which an investigator or auditor fails to seek, see, use, or share relevant information or records.
- Related to confirmation bias:
  - as more information is gathered and interpreted as support for one hypothesis (due to confirmation bias), the more inclined the auditor or investigator is to stop searching for information that could contradict that hypothesis, or to ignore available, contradictory information.
- In other words, the professional stops investigating or auditing.



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## Manifestations of Bounded Awareness

1. Failure to seek evidence that might disprove an existing hypothesis (e.g., not looking into a suspect's alibi, failing to consider non-fraud explanations for existing evidence or anomalies)
2. Failure to use or properly consider such evidence, if it is found or provided to the investigator or auditor
3. Refusal to consider alternative hypotheses
4. Failure to pay attention to contradictory information provided by an interviewee
5. Failure to evaluate evidence diagnosticity (data that appears to support the hypothesis but is actually of very little value because it also equally supports other hypotheses)



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## Availability Bias

- *Availability bias* - the inclination to make decisions based on information that is most readily available. The more difficult information is to obtain, the less likely individuals are to bother with it.
- One manifestation of availability bias, and one that is similar to bounded awareness, is the failure or inability to identify entirely new or different hypotheses. Individuals with an availability bias continue down the investigation path they already established with their initial hypothesis. When other hypotheses are not easily available, they do not consider them.



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## Priming

- An implicit memory effect in which exposure to one stimulus influences a response to another stimulus.
- Priming can be differentiated from implicit forms of bias because implicit biases are formed entirely internally, while primed biases are the result of external influences.
  - For example – statements made by people



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## Anchoring

- Anchoring bias occurs when an investigator or auditor *anchors*—or fixates—on a preliminary estimate related to a case, and becomes convinced that the figure is correct (or can't be too far off). For example:
  - An investigator anchor onto a preliminary estimate of an amount embezzled from a company, or an amount that a fraudster admits to stealing.
- Anchoring is the thinking that if these preliminary figures are not correct, they can't be off by a substantial amount, can they?



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## *Incrementalism*

- *Incrementalism* - focusing on a narrow range of alternatives representing marginal change without considering the need for dramatic change from the existing position. The auditor or investigator only allows himself to make incremental adjustments to the amount he anchored to, even if all the evidence gathered indicates that the preliminary amount is significantly incorrect.
- Auditors are most obviously susceptible to this, because they receive a preliminary set of data in the form of a client's financial statements, but investigators can also be influenced by anchoring.
- Let's look at one study that focused on the effects of anchoring, even when the anchor was obviously incorrect.



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## Anchoring and Incrementalism

- Participants were asked two simple questions:
  1. Whether Indian independence leader Mahatma Gandhi was older or younger than a particular age at the time of his death (the anchor)
  2. What age Mahatma Gandhi was at the time of his death
- When participants were given the anchor of 9 years old in the first question, the average age they estimated Gandhi to be at his death was 50. When participants were provided with the anchor of 140 years old, the average age they estimated Gandhi to be at his death was 67.
- The two groups were asked the exact same question and gave very different answers, all because they received very different anchors. It did not matter that both anchors were clearly unrealistic.
- By the way, Mahatma Gandhi was 78 years old when he died in 1948.



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## Slide 22

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**LH4** case study background  
Laura Hymes, 2/26/2015

## Group Think

- *Group think* - a phenomenon in which the desire for harmony or conformity in a group results in an irrational or dysfunctional decision-making outcome. Although there might be a conscious element to it, there is a strong unconscious drive that contributes to group think.
- Also called *consensus*, group think involves members of a group attempting to minimize conflict and reach a decision without proper consideration of alternative hypotheses or views. Group members actively suppress dissenting viewpoints and opt for the alternative that elicits the greatest agreement and support.
- Simply telling the boss what he or she wants to hear is another version of this (i.e., the classic “yes man”).



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## A Case Study in Bias



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## Case Study

- This case is summarized from an actual court decision.
- A company's management terminated an employee for cause on the grounds that he submitted duplicate expense reports in an attempt to collect money he was not entitled to from the company. The employee had worked for the company for 27 years at the time he was terminated.
- The investigation that led to his termination began when the company's internal auditor discovered six instances of apparent duplicate expense reporting.



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## Case Study

- This finding was reported to two vice presidents, who directed internal audit staff to analyze all the expense reports from the employee.
- The matter was also reported to the company's human resources director, who held a meeting with the employee after internal audit had done further work. At the meeting, the HR director informed the employee that a total of 37 duplicate reports had been uncovered, totaling approximately \$9,000.
- After a second meeting three weeks later, the employee was terminated for his alleged fraud.



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## Case Study

- A court found that the employee was wrongfully dismissed, concluding that the investigation failed to prove that the employee intended to defraud the company. The court's conclusion was based on several key factors, including:
  1. The employee was handpicked for a special project, based on his extensive technical knowledge in the area, and the project required significant travel along with long hours. During the course of the project, a gradual deterioration in the accuracy of his expense reports, including the duplicate reporting, could be observed.



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## Case Study

2. Coworkers stated that the employee, while very knowledgeable technically, was very disorganized in his recordkeeping, and his focus was always on producing a quality technical outcome at the expense of his recordkeeping.
3. The HR director admitted to denying the employee any administrative support when he requested it. The HR director also confirmed that the employee said he was having a difficult time keeping up with his expense reporting.
4. In addition to the \$9,000 of erroneous and duplicate claims for reimbursement, the employee failed to claim reimbursement for approximately \$2,800 of expenditures to which he was entitled. Why would someone intent on committing fraud fail to claim reimbursements that he was owed?



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## Case Study

- One final factor noted by the court was that the HR director attempted to access confidential information about the employee from the company's employee-assistance program stemming from her awareness that he had previously had an altercation with another employee and that alcohol was involved.



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## Case Study

- The court also pointed out the many honors that the employee had received in recognition of his excellent work.
- The judge characterized the HR director's investigation as "an exercise in case building" against the employee rather than a "fact-finding mission." He observed the HR director's "failing to consider the total picture" and "turning a blind eye" to any kind of context or other circumstances.
- The judge basically scolded the HR director and the company's management for confirmation bias and bounded awareness, along with several other characteristics explored in this course.



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## Case Study

- Auditors and investigators should also note how an increasing rate of errors (the employee’s recordkeeping continued to get worse, and the majority of his errors were made in the later stages of his employment) looks remarkably similar to a trend often observed with fraudsters—they get greedy and increase the rate at which they steal funds from their employer.
- Can you tell the difference?



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## Bias Impacts Our Ability to Apply Professional Skepticism



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## What Is Skepticism?

- *Skepticism* comes from a Greek word that means “to reflect, look, or view” in a philosophical sense. The term has evolved to mean a questioning mindset or an attitude of doubt in the context of a professional setting.
- In practice, it’s a search for truth by:
  - Applying reason to determine the validity of an allegation
  - Critically analyzing all evidence received
  - Finding a factually supported conclusion, not the justification of a preconceived conclusion



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## Characteristics of Professional Skepticism

- Ability to suspend judgment
- Informed
- Ethical
- Curiosity (a questioning mind)
- Self-confident
- Persistent
- Perceptive
- Effective communication



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## Slide 34

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**LH5** Flashcard interaction: Use the text from the Word file. I made edits to it.  
Laura Hymes, 2/11/2015

## Countering the Effects of Bias



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## Becoming Unbiased

- As this course has hopefully demonstrated, it is virtually impossible to start out unbiased, let alone maintain an unbiased mindset throughout an investigation or audit. Instead, professionals must take action to *become unbiased*—to identify and counter the effects of their own biases.
- The first step is to acknowledge that no matter how professional they think they are, all individuals bring inherent biases with them every day and are susceptible to the effects of priming.
- Then individuals can take specific actions to eliminate (or at least minimize the effects of) their inherent biases, including priming.



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## Becoming Unbiased

- Once professionals are aware of the different areas in which bias can impair their work, they can take additional steps to counter the effects of bias.
- The first step is to avoid jumping to conclusions. This is the most obvious step, but one of the most difficult. Individuals are bombarded with input very early on in an investigation or audit, and it is difficult not to let these factors lead us down a path toward a single hypothesis or conclusion.



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## Becoming Unbiased

Two methods for professionals to avoid becoming fixated on a single hypothesis are:

1. Actively challenge the existing hypothesis.
2. Develop alternative hypotheses.

The term *devil's advocate* has its origins in the Vatican, which used to appoint an individual to challenge the eligibility of anyone under consideration for canonization by asking difficult questions.



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## Actively Challenging the Hypothesis

- One study demonstrates the importance of actively challenging the hypothesis. Participants in the study were provided with some facts associated with a case. Half were asked to develop a preliminary hypothesis, and the other half were instructed not to. Each group was then provided with the remainder of the facts for the case.
- Those who developed a preliminary hypothesis tended to interpret the remaining data in a manner that supported their preliminary hypothesis (nothing surprising about that).



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## Actively Challenging the Hypothesis

Next, some participants were asked to explain why their hypothesis might be incorrect, while others were asked to identify additional suspects. The results:

- Those asked to identify additional suspects tended to continue to show bias toward their initial suspect.
- Those asked to challenge their initial hypothesis by considering how their suspect could be innocent demonstrated less bias (at a similar level of bias as the people who were asked not to develop a hypothesis at all).



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## Actively Challenging the Hypothesis

When actively challenging a hypothesis, investigators should

1. Force themselves to:
  - a. Identify other explanations for the suspicious behavior.
  - b. Consider different suspects.
  - c. Develop alternate hypotheses.
2. Consider writing down these alternatives & challenges.
3. Use a devil's advocate.
4. Consult someone not previously involved in the case (like the quality-review process for an audit).
5. Take a fresh look—essentially start over with some of the very first pieces of information.
6. Consider what the absence of information could mean (i.e., if this really is a violation, what trail or clues should be present that are not?).



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## Overcoming Bias in Interviews

- Both participants in an interview bring their unconscious biases into the room. This creates the potential for a severely compromised interview.
- Interviews are designed to provide a flow of information. Nothing can cut off that flow more than unconscious biases that make either or both individuals uncomfortable—even if that discomfort is not consciously obvious.



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## Overcoming Bias in Interviews

- The key is to focus on gathering facts or on the other goals of the interview, and on establishing rapport with the person being interviewed.
- Make a conscious effort to identify things about the interviewee that he/she can relate to and what elements of respect are most important to the interviewee. Be aware of cultural differences that could impact the interview.
- Half the battle is the interviewer reminding himself of the necessity of overcoming these differences to establish an effective interview process.



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## Additional Steps to Minimizing Bias

1. Consider all relevant records and information, not just ones that support an assertion or would most quickly close a case. Always think “what else should I look at?”
2. Consider possible honest explanations for suspicious evidence and data anomalies. Write them down—this really does help.
3. Extend the scope of interviews beyond those who can corroborate facts that support the hypothesis. Include others who might have useful information that fits a different hypothesis.
4. Include all relevant findings in the report, including information that counters the hypothesis.



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## Additional Steps to Minimizing Bias

5. Use an independent peer- or quality-review process.
6. Beware of affinity and other implicit biases in conducting interviews (on the part of both parties) and actively attempt to counter it (e.g., the interviewer can force himself to spend sufficient time interviewing someone who has the potential for triggering a bias).
7. Get sufficient sleep – Really!



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## Get Some Sleep!

- When someone is tired, the brain economizes to conserve resources. As Harvard psychologist Daniel Gilbert wrote, “not only does doubt seem to be the last thing to emerge, but it also seems to be the first to disappear” under these conditions.
- Margaret Heffernan, in her book *Willful Blindness*:
 

“Because it takes less brain power to believe than to doubt, we are, when tired or distracted, gullible. Because we are all biased, and biases are quick and effortless, exhaustion makes us favor the information we know and are comfortable with. We’re too tired to do the heavier lifting of examining new or contradictory information, so we fall back on our biases, the opinions and the people we already trust.”



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Stairstep interaction

Laura Hymes, 2/10/2015

## Get Comfortable with Being Uncomfortable

- Investigators should get used to actively challenging their own beliefs, even though it initially makes them uncomfortable.
- Remember *cognitive dissonance*? It is “excessive mental stress and discomfort experienced by an individual who holds two or more contradictory beliefs, ideas, or values at the same time.”
- It all sounds worse than it is! But addressing these natural tendencies are at the core of remaining open to alternate hypotheses.



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## QUESTIONS ??

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