

**LEADERSHIP AND ETHICS: A COMPARATIVE STUDY OF LEADER
MORAL VALUES AND ORGANIZATIONAL CULTURE**

by

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Submitted to the Alfred P. Sloan School of Management
in Partial Fulfillment of the Requirements for the Degree of

Master of Business Administration

at the

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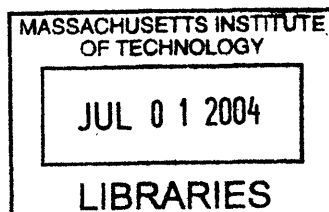
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ABSTRACT

As corporate and government organizations move into the 21st Century, they face an environment of growing complexity. However, despite a number of recent and highly visible scandals, the moral and ethical culture associated with contemporary organizational life is not often discussed in either the academic literature or in the popular managerial writings. The intent of this thesis is to examine the challenge I believe moral relativism poses to older ethical tradition based on a belief in and commitment to absolute moral standards.

This thesis discusses the moral values espoused and practiced by organizational leaders. My methods include reviewing several literatures, conducting interviews and building formal models. All serve the goal of examining the moral fabric (or lack thereof) that stands behind the actions of organizational leaders. In the end, recommendations are made for strengthening the ethics and moral competency of all organizational members.

Thesis Supervisor: John E. Van Maanen
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CHAPTER 1: INTRODUCTION

Values are regularly espoused by management leaders, particularly senior leaders, in their public presentations. The arbitrary use of the word “values” that often attends manager rhetoric makes it difficult to determine its meaning. It may, for example, mean “moral” values or it may mean values of “customer service” and “product quality.” The recent public concern over leader ethical behavior has been met with espoused management rhetoric of traditional moral values. But these seem to be the extent of manager’s discussions of morality. Aside from public concern over ethical dilemmas, moral values are not often addressed by contemporary leaders in public and private settings. This is perhaps a result of sensitivity to the appearance of “imposing” presumably private views of right and wrong behavior and perhaps also of sensitivity to being held accountable to espoused moral values. It appears, in my view, that moral values are mixed among leaders. Within organizations, managers appear to operate with different moral paradigms. These moralities seem to be influenced by the individual’s personal moral framework and their perception of accountability to moral standards or criteria.

My interest in the topic of leader ethics and moral values stems from my experience over the years with a variety of good and bad leaders. At the core of those leaders I have found most effective were, in my view, their individual ethos and moral values. Their enactment of moral values bore consequences on their followers. I have wondered what brings leaders (good or bad) to power and I have

wondered about the long term impact they have on individuals they lead and on the organizations they influence. Although I am somewhat cynical of leader speeches about values, I admire authentic demonstrations of moral values. My goals for this thesis are to explore the moral values of leaders and to formulate some models to analyze moral decisions and actions.

I approach this study from several perspectives. I reviewed literature, conducted interviews, built formal models and tried to integrate materials from different sources. The literature review includes a look at organizational culture, a light coverage of classic moral philosophy, system dynamics models for honesty and cheating, and studies looking at the moral values of managers in organizations. Chapter Two takes up organizational culture and looks at the values, beliefs and assumptions among members of the organization. Moral philosophy is covered in Chapter Three and examines key ideas in Western moral thought. The chapter also presents a system dynamics model of honesty and cheating to illustrate a formal depiction of ethical behavior. Manager ethics in practice is the subject of Chapter Four. Two sources are relied on. The first is a contemporary realist—Robert Jackall—whose research reveals that moral relativism dominates the moral values-in-use of most corporate managers. The other source is an idealist from the early twentieth century—Chester Barnard—who contends that business could not succeed without high moral values among managers.

Interviews provide the material of Chapter Five. They offer a real-world look into what some managers espouse as moral values. Seven interviews are documented and discussed. The final chapter synthesizes my learning. I provide a system dynamics model of moral behavior and an analytical ethical model based on some economic ideas. Both are used to examine the structure(s) of moral decision making. I conclude with my own assessment of moral leadership and recommendations for improving leader character and moral competency.

CHAPTER 2: ORGANIZATIONAL CULTURE

2.1 INTRODUCTION

The beliefs, values and assumptions of individuals in an organization form an important aspect of what organizational theorists refer to as the organizational culture. The study of organizational culture is a useful framework for examining the moral values and ethics of members within organizations. The history of organizational theory has transitioned back and forth from pragmatic to scientific views. Some theories hold systematic assumptions of structural processes and outcomes; others focus on individual's and roles in organizations and emphasize such matters as emotion, greed, self-worth, honesty, and trust. Each theory has root assumptions about the basis of human nature, the motivation of organizational members, the self-regulating capacity of organizations, and the nature of organizational interaction with its environment.

The purpose of this literature-based chapter is two fold: 1) to review the principle schools of organizational theory and examine some of the underlying assumptions associated with these schools; and 2) to introduce the organizational culture framework that will be useful for my later chapters on classical moral philosophy and morality as practiced and displayed by leaders in organizations.

2.2 ORGANIZATIONAL THEORY: CONTRASTING FRAMEWORKS

The study of organizations has a relatively long history and has taken several paths as theorists have attempted to understand, predict, and optimize the workings and outputs of these institutions. While early commentaries on organization can be found in the writings of ancient cultures such as the Egyptians, Greeks, and Hebrews, studies of modern organizational theory began in the late 1700's coinciding with the growth and consequent interest in Great Britain's factory system (Wren 1972; Ott 1989). J. Steven Ott presents a lucid overview of the schools of thought that have influenced organizational theory over the past several hundred years (Ott 1989). Ott provides a mapping of the eight schools of organizational theory. The organizational schools that Ott identifies and compares are:

- Classical Organization Theory
- The "Classical Philosophers"
- Neoclassical Organization Theory
- The Human Relations Perspective
- "Modern" Structural Organization Theory
- The Systems and Contingency Perspective
- The Power and Politics Perspective
- Organizational Culture Perspective

Figure 2-1 replicates Ott's view of these major perspectives. On the right reside schools that represent the systems/scientific management views of organizations and, on the left, reside the behavioral schools of thought. The spectrum is segmented into three attributes: the approach on issues, the managerial orientation, and the analytical methods used to study and model the frameworks. The chart shows the influence of schools on one another over time with linking arrows.

2.2.1 CLASSICAL SCHOOL

The classical school, representing the dominant disposition in thinking about organizations during the eighteenth, nineteenth and early twentieth centuries, viewed the organization as a rational, systematic machine where people served functional roles and a manager's objective was to find the optimal arrangement of the roles to obtain the greatest efficiency in the production of goods. This framework was certainly influenced by the scientific revolution occurring in Western Europe during that era. Interest in a scientific approach to management gained in popularity during the industrial revolution. Its foundations are clearly presented in Fredrick Taylor's seminal work, *The Principles of Scientific Management* (1911, 1967).

During the early years of the industrial revolution, factories equipped with heavy machinery for mass production of goods proved harsh and impersonal for laborers. Massive production machinery overwhelmed craftsman and small businesses in yield capability and so the livelihood of many came to depend on rote manual labor on the factory floor. Managers were preoccupied with high productivity and cost

containment. Mechanical and industrial engineering staff was integral to the success of the factories through design of new machinery and methods of use. The engineering mindset for solving problems was adopted by management to run the organization. Thus, classical organizational theory views people as components in an organizational machine. Complexity was rationalized. Quantifiable and repeatable results became the ideal. The overall framework was based on a belief that applying the “scientific method” would produce a “best way” to organize.

According to Ott (1989) the fundamental assumptions of the classical view are:

- Organizations exist to accomplish production-related and economic goals
- There is one best way to organize for production, and that way can be found through systematic, scientific inquiry
- Production is maximized through specialization and division of labor
- People and organizations act in accordance with rational economic principles

The development of a scientific management approach to organizational theory is understandable considering the period of history that it sprung from. In Western Europe and America, science was proving to many its power as a transformative catalyst throughout the culture.

Many of the limitations of the classical view are today recognized, such as the erroneous perspective that the organization consists of a rational workforce, aligned with management to achieve organizational objectives, and that such alignment is possible throughout an entire organization. Nevertheless, the classical view provides a useful framework that still influences how organizations are conceptualized and formed. It is, for example, highly unlikely that an organization could function in even a pseudo-coherent way without some type of structure that defines responsibility and accountability.

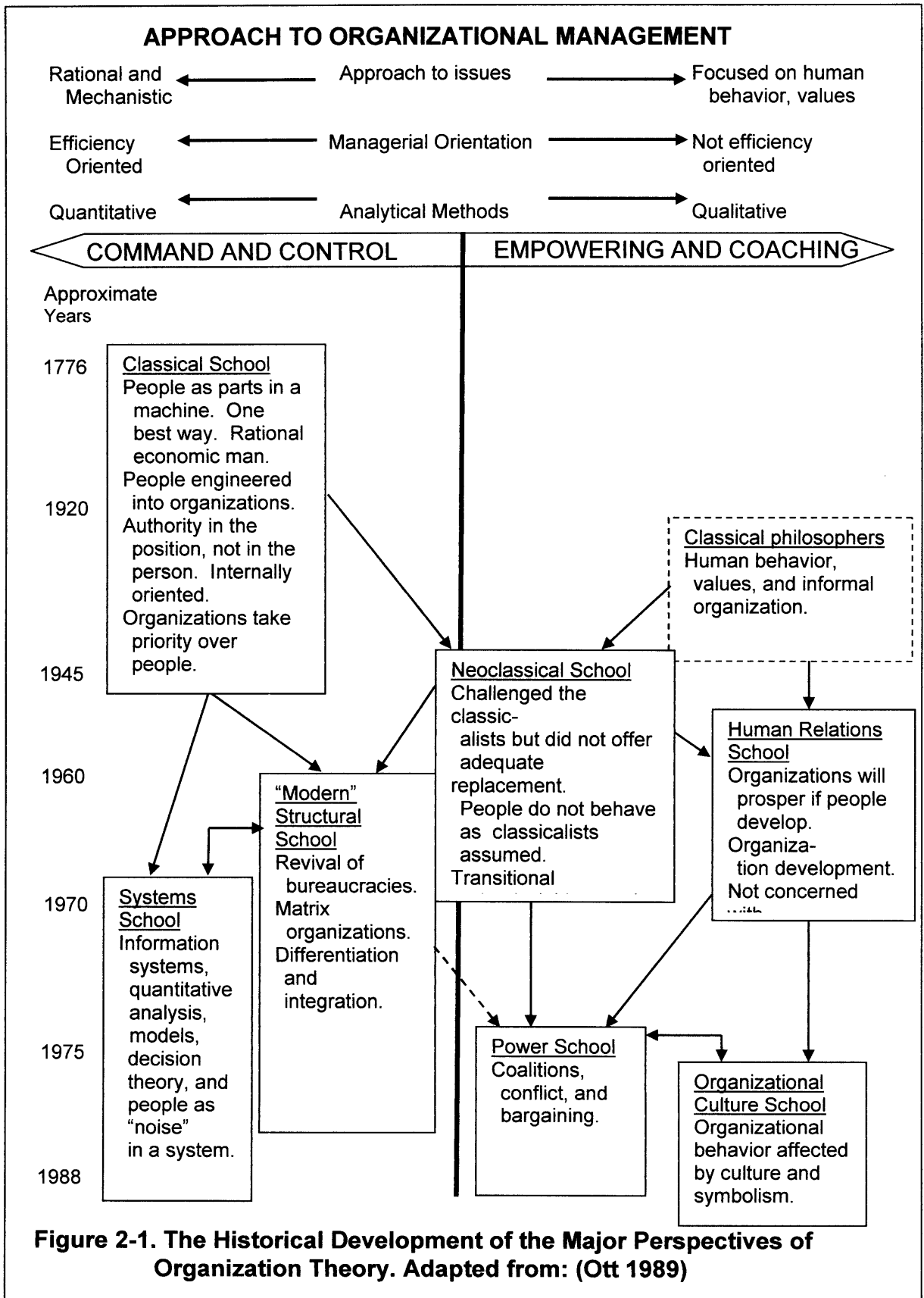
2.2.2 CLASSICAL PHILOSOPHERS

The classical view dominated organizational theory until well into the twentieth century when new views arose from those that Ott refers to as the classical philosophers. Although their ideas are normative in today's parlance, the concepts they put forth at the time were considered a radical departure from the scientific management framework. This view rejected the assumption that human action in organization could be scientifically shaped and predicted. It emphasized instead understanding the influence of beliefs, values, ethics, morality, and the irrational view toward economics factors that characterized many human actions. One of the most influential contributors was Chester Barnard (1938) who strongly asserted the importance of the individual and the variability of individual behavior on organizational effectiveness. In contrast to the organizational machine model of scientific management, Barnard's teachings stress that the opinions of individuals regarding organizational actions and leadership authority are essential determinants

of what an organization can do. One of his chief claims is that the primary function of a chief executive is to establish and communicate a system of values in the organization.

In his *The Functions of the Executive* (1938), Barnard emphasizes that values and underlying beliefs of the organizational members are more fundamental than structural accountability and reporting roles to the successful functioning of the organization. While Barnard does agree that formal structures are useful and necessary for effective organizations, he emphasizes the importance of understanding and managing human motivation. According to Ott, Barnard is probably the most referenced among the classical organizational philosophers. Barnard's views about the elements involved in organizing are based on the need for cooperative effort of people in achieving objectives that are beyond what an individual can accomplish alone.

The classical philosophers introduced complexity and variability into the theoretical discussion, not as conjecture, but in recognition of observed facts. Barnard's views may be regarded as a precursor to the organizational culture perspective and more will be said about his ideas later in this chapter (and following chapters).



2.2.3 NEOCLASSICAL SCHOOL

The neoclassical school was a reaction to classical theory and drew from other disciplines in the human sciences. Although the proponents did not develop an independent theory of organization, they were highly influential in challenging the classical view and initiating the formative ideas that impacted later schools of thought in the organizational theory, namely the human relations school, the organizational culture school, the power school, the modern structural school, and the systems school. According to Ott, Herbert Simon (1947) was the most influential of the neoclassical thinkers particularly in regard to his criticism of the weaknesses of the classical theory framework.

Elliott Jaques (1951) is credited by Ott as the first to articulate the concept of culture in the organization in his studies of the factory. Many of Jaques' descriptions of culture continue to be of use today. Ott also cites the contributions of Philip Selznick (1948) for bringing important sociological insights to the neoclassical perspective. Selznick expanded on Barnard's ideas concerning the importance of values and behaviors in the organization by emphasizing the impact of discrepancies between individual and organizational objectives.

2.2.4 HUMAN RELATIONS SCHOOL

As indicated in Figure 2-1, the Human Relations School was an outgrowth of neoclassical and classical schools having its beginnings in the late 1950's. It is an optimistic view of human potential and takes an inverted view of the classical model

by assuming that organizations exist to serve people rather than people exist to serve organizations. The optimism was encouraged and amplified by the general mood in the United States culture of the 1960's that promoted the positive potential of human capabilities. Effectiveness versus efficiency was a central theme. The human relations perspective lead to research in a broad array of areas such as effective leadership, increasing employee motivation and commitment to the organization, and better developing people as human resources.

Douglas McGregor, head of the Organizational Studies Group at MIT, is cited by Ott as the first to clearly articulate the philosophical premises of the human relations school of thought. McGregor is famous for his Theory X and Theory Y models of the assumptions manager's hold about people and how such assumptions shape the management styles they employ (McGregor 1960). This model is historically interesting in that it represents a culmination point in 1960 of "old-school" and "new-school" ideologies by contrasting the classical view of Theory X managerial assumptions with the human relations view of Theory Y assumptions. It was McGregor's belief that the manager's fundamental assumptions about people would not only give rise to his or her management style but also lead employees to becoming what they are assumed to be, a self fulfilling prophecy.

The following characteristics summarize McGregor's Theory X and Theory Y managerial assumptions:

Theory X

- Lazy worker paradigm: The average person inherently dislikes work and will avoid it if possible.
- Because workers are lazy, they must be coerced, controlled, directed, and threatened with punishment to induce adequate effort toward organizational goals.
- The average person prefers direction, avoids responsibility, is unambitious, and desires security above all (mediocrity of the masses).

Theory Y

- Motivated worker paradigm: The average person does not dislike work. Depending on the work environment, work can be satisfying (and voluntarily performed) or punishing (and avoided if possible).
- People will exercise self-direction and self-control in the service of objectives to which they are committed. Control and punishment are not necessary.
- Commitment to objectives is a function of the rewards associated with achievements (most significant rewards are satisfaction of ego and self actualization).
- Under proper conditions, average people learn to desire and seek responsibility.
- The majority of people have the capacity to exercise a high degree of imagination, ingenuity, and creativity in finding solutions to organizational problems.

- The intellectual potentialities of most people in organizations are only partially utilized.

The symbols that McGregor used to classify these two managerial frameworks provide an interesting analogy. The “X” in Theory X may be viewed to denote meanings such as “no”, “cancelled”, or “forbidden”, whereas the “Y” in Theory Y may denote “yes”, or “allowed”. McGregor articulated the details of a managerial philosophy of trust (Theory Y) versus mistrust (Theory X) and the consequential results on employee attitude and performance.

2.2.5 MODERN STRUCTURAL SCHOOL

The modern structural perspective was an outgrowth of the Neoclassical School. In contrast to the Human Relations School, this school was a philosophical move back toward the classical framework, a goal oriented and mechanistic view of organizations. It was concerned with hierarchical organizational structure, differentiating function and authority. Organizational charts were promoted extensively by these theorists. Organizational efficiency and maximization of productivity were fundamental objectives. The similarities to classical thinking are evident in Ott’s summary of assumptions found in the modern structural perspective:

- Valid organizations are rationally structured and have a purpose/mission that is best achieved through systematic rules and formal authority structure.
- Organizational rationality is maintained through control and coordination.

- Organizations have an optimal structural design given the mission and environmental constraints.
- Specialization and division of labor are fundamental in the design of optimal organizational structures.
- Most organizational problems arise from structural flaws and are resolvable through structural changes.

While the modern structural school was clearly oriented in the command and control framework of the classicalists, there was also influence from the human relations school in a marked attentiveness to the impact of external factors such as markets, societal trends, regulatory environments, technologies, economics, etc. The modern structural movement acted as a catalyst for thinkers that would move the classical views forward toward the Systems School.

2.2.6 SYSTEMS SCHOOL

According to Ott (1989), the systems school of thinking about organizations began in the mid-to-late 1960's as a result of waning interest in the human relations school, a kind of pendulum swing to the right in Figure 2-1. While social factors may have had some bearing, it is more likely that advances in computational power that took place during the mid-to-late 1960's were a greater influence since the mathematical models of the systems thinkers are dependent on complex computation. This perspective is characterized by the application of principles from systems control theory in the engineering field to the study of organizations. It is

meant to provide a heuristic to aid in the understanding of complex organizational activities and for creating computer models of the dynamics of organizational processes to predict outcomes and to find solutions to problems.

The beginnings of systems thinking, or system dynamics, can be traced to post World War II at MIT with the work of Jay Forrester (1958). Forrester had been instrumental in implementing feedback control to stabilized surface-surveillance radars on US Naval ships the war.¹ Forrester subsequently taught control theory in the electrical engineering Department at MIT and built the computational capabilities of MIT. In the early 1950's, Forrester joined the MIT Sloan School of Management and started the System Dynamics Group and was a mentor to many in system dynamics including such notable organizational analysts as Ed Roberts, Peter Senge, and John Sterman.

Whereas the classical perspective provides a simplistic and static view of how organizations function, systems theory seeks to identify the complex causal links and timing in the dynamics of organizations and establish mathematical models to predict, understand, and modify processes to improve performance, adapting to changes in the business environment. Although the systems approach analyzes organizational behavior, it does not attempt to model organizational functioning in its entirety because the complexity of such efforts is intractable.

¹ Source: Discussions with John Sterman, Director, System Dynamics Group, Massachusetts Institute of Technology.

Systems thinking is typically applied to specific problems in organizations and focuses on learning (Sterman 2000). Sterman provides an example of the most basic type of organizational (or individual) learning with a single feedback loop is shown in Figure 2-2. This represents a classic feedback loop where decisions are made by comparing information about the state of the real world to various goals and by discerning discrepancies and adapting decisions to take actions that will cause the real world to adjust to the desired state.

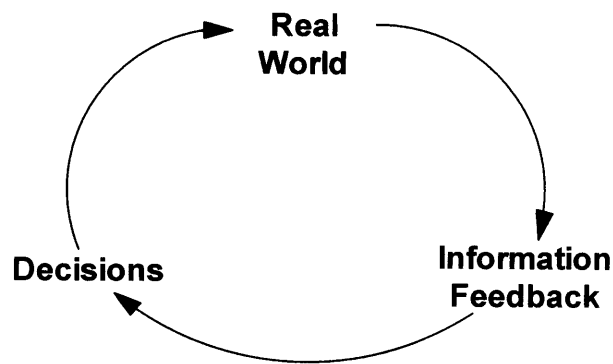


Figure 2-2. System Dynamics Model of Argyris' Single-Loop Learning.
Source: (Sterman 2000, 15-16)

Contributions to the Systems School perspective also came from post World War II Defense Department think tanks where statistical and linear systems models were employed to predict complex military and political organizations. Models were used

to simulate various warfare campaigns and gained a strong foothold in national defense planning. They also influenced technology development: For example, the nuclear weapon triad of land-based ICBM's, ballistic missile-carrying submarines and bomber aircraft in 1950's, cruise missiles in the late 1960's and stealth technologies in the late 1970's. These modeling approaches spread into industrial planning and organizational thinking and were often referred to as operations research and operational analysis.

The systems school view influenced some of the thinking in social psychology studies of organizations as seen in the "open systems" view presented by Katz and Kahn (1966). This approach blended elements of the classical, neoclassical, human relations, modern structural, and systems views into a comprehensive conceptualization of an organization. In this view, open systems are continually adapting to changes in the environment.

Contingency theory, a related school of thought to the systems perspective, views the effectiveness of organizational actions, such as decision making, as dependent on interlinking causes but takes a unique position that holds every action is situational or local. Universal or absolute references are inappropriate. It is therefore highly focused on information systems for delivering situational awareness from which decisions and proper responses may be made. This dependence on information relies on the fundamental assumption from systems thinking that people and organizations are non-emotional, calculative and thoroughly rational in contrast

to the classical view of Barnard that people and organizations are not as precise, predictable or logical as systems theorists presume.

2.2.7 POWER SCHOOL

Whereas the structural and systems schools assume that the primary objectives of the organization are to accomplish established goals and members will operate in a restrained and rational manner, the power school views these as naïve constructions that do not represent the real world. The Power School views the organization as a complex system of individuals and coalitions, each with interests, values and unique objectives that are competing for limited resources. Power and politics are the mechanisms that drive most of the decisions and activities of organizational members. According to Ott, organizational goals are usually established through continual maneuvering and bargaining between individuals and coalitions. Rarely do they involve only those in positions of formal authority.

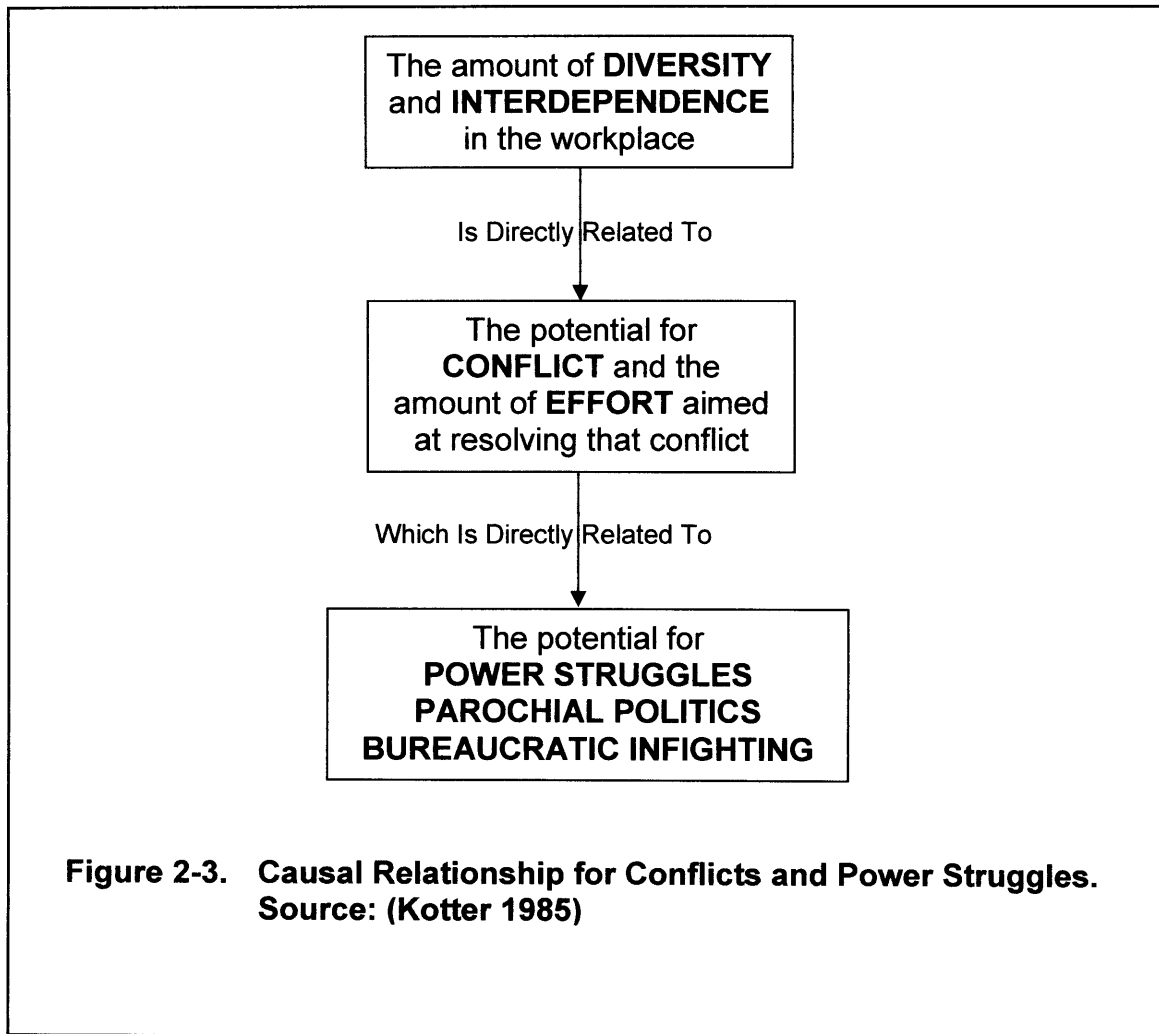
The lack of attention to power and politics in business school curricula is criticized by Kotter (1985) as naïve. He documents a few cases of organizational dysfunctional actions based on organizational politics but shuns the “cynical” notion that power struggles, bureaucratic infighting, and parochial politics continuously dominate organizations. For Kotter, the causal factors are found in the “complex social milieu” that surrounds people inside organizations. He frames his perspective in two basic concepts, diversity and interdependence:

1. Diversity with respect to to goals, values, stakes, assumptions, and perceptions
2. Interdependence referring to the state in which two or more parties have power over each other because they are, to some degree, dependent on each other.

When high diversity exists, there will be misalignment in goals, values and objectives giving rise to conflicting views. High interdependence among subgroups can lead to destructive power struggles. This is depicted in Figure 2-3.

Robert Jackall (Jackall 1989) has numerous examples drawn from his field research of the political nature of corporate management and the struggle for power and position among managers. In his words:

Nor are formal positions and perquisites the only objects of personal struggle between managers. Even more important on a day-to-day basis is the ongoing competition between talented and aggressive people to see whose will prevails, who can get things done their way. The two areas are, of course, related since one's chances in an organization depend largely on one's "credibility," that is, on the widespread belief that one can act effectively. One must therefore prevail regularly, though not always, in small things to have any hope of positioning oneself for big issues. The hidden agenda of seemingly petty disputes may be a struggle over long-term organizational fates (1989, 35).



Ott believes that the power perspective has many similarities to the organizational culture perspective. Both reject the Systems School assumption of universally rational behavior in response to organizational uncertainty. A common emphasis in both views is on the significance of values, beliefs, and group preferences in understanding and explaining organizational actions.

2.2.7 ORGANIZATIONAL CULTURE SCHOOL

The organizational culture perspective is the most recent of the theoretical frameworks used to view and understand the dynamics of organizational behavior. As Figure 2-1 indicates, the roots come from the classical philosopher school, the human relations school, and the neoclassical school. Although there have been many contributors to the organizational perspective, the work of Edgar Schein is one of the most important. Schein (1992) laid out a framework for thinking about and discussing the cultural perspective that is widely used and still current in application.

The Schein model of organizational culture is shown in Figure 2-4. The model depicts organizational culture as existing in three levels: 1) artifacts, 2) values, and 3) underlying assumptions. The easiest to discern, artifacts, is shown at the top with the progressively more difficult to discern levels below.

2.2.7.1 Artifacts

Artifacts are the observable surface features of culture that are seen, heard and felt as one enters the spaces of an organization. They include the physical décor, the language, the attire, the technologies used, artistic creations, stories told about the organization, rituals and ceremonies, and explicit behavioral norms. While this level is easy to observe, it is hard to decipher.

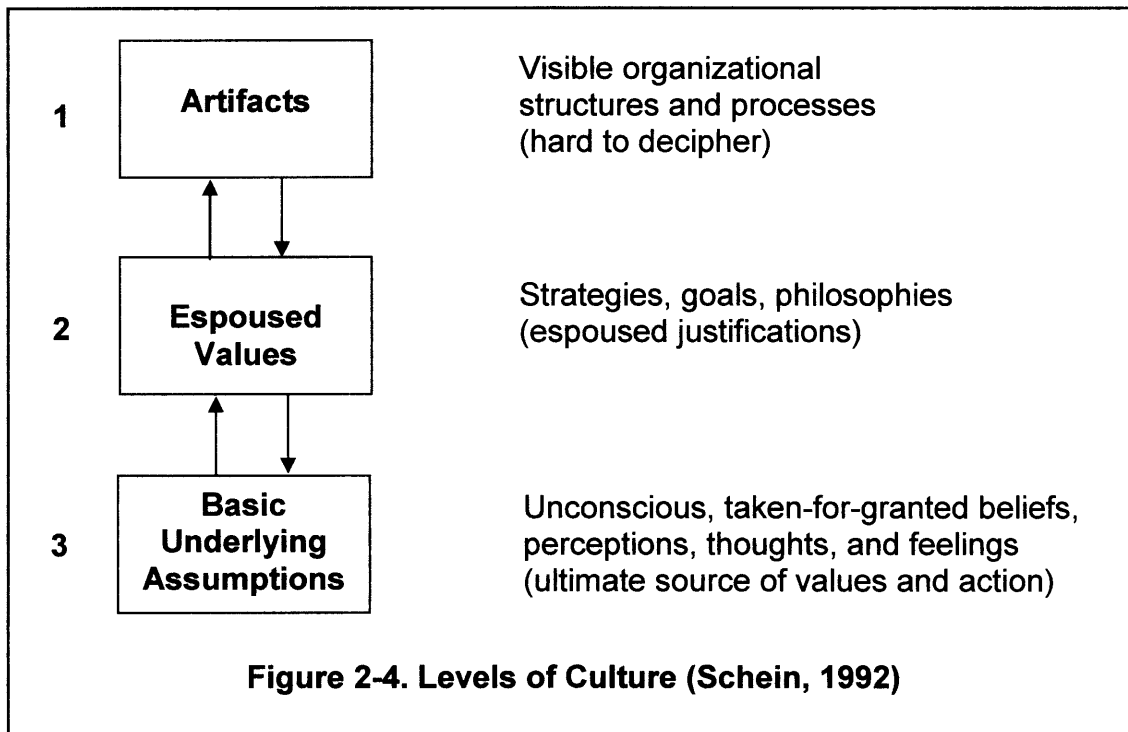
Although it may be argued that artifacts are not the essence of organizational culture, it is often at this level that most effort takes place as when new entrants are

indoctrinated or attempts are made to change an organization. Artifacts are seen, for example, in the way that offices are located, routines enacted, or communication styles (and frequencies) exhibited. One of the more influential ways that cultural learning takes place is through the process of story telling and through the enactment of organizational rituals and ceremonies. It will be shown in Chapter Five, stories (including heroes, villains and high stakes adventures) are common features of the case interviews I conducted.

2.2.7.2 Espoused Values

Espoused values are the articulated beliefs, norms, and operational rules that govern behavior in the organization. They are shown as a second level of culture in Figure 2-4. These espoused values are often used to justify behavior. They include stated ethics, philosophies, ideologies, ethical and moral codes, and attitudes. They represent claims for what ought to be. Often espoused values reflect high-level principles such as honesty, integrity and trust but not always. Some organizations only articulate business objectives such as customer satisfaction, growth, shareholder value, as espoused values. Other organizations mix both.

While it may be tempting to attribute the espoused values to the essence of organizational culture, it is insufficient since they are not always congruent with the behavior of individuals or groups. At this point, a deeper level of organizational culture—underlying assumptions—is invoked to account for a more fundamental source of value and belief that feed into those that are espoused.



2.2.7.3 Basic Underlying Assumptions

Basic underlying assumptions are shown as the third level of organizational culture in Figure 2-4. These are the root source of values and beliefs. They are the essential beliefs that guide how organizational members perceive, conceptualize, and feel about things. This conceptualization is similar, according to Schein (1992), to the “theories-in-use” concept of Argyris and Schön (1978). Ott refers to them as “values-in-use.” The stability of these assumptions helps shape the identity of individuals in the organization. They tend to not be discussed and they are difficult to challenge. The vulnerabilities of identity in this level of examination give rise to anxieties that are usually too uncomfortable to tolerate. The consequence is that

individuals will revise their interpretations or remap circumstances to fit a framework that protects their underlying assumptions giving risk to distortion, denial, projection, or other means of falsifying local events.

This level of culture is similar to Sathe's (1985) definition of shared assumptions which he describes as internalized beliefs and values that community (organization) members hold in common. When a person internalizes the beliefs and values of the organization, they experience congruent behavior as intrinsically rewarding because it aligns with personal beliefs and values. Sathe (1985) describes beliefs as basic assumptions about the world and how the world actually works. These are derived from personal experience and from the influence of others that are trusted. Values are described as the basic assumptions about what ideals are desirable or worth striving for. These also are derived from personal experience and from the influence of others in trusted positions. Sathe shares Schein's position that these assumptions, once internalized, tend to become preconscious and easily taken for granted. They also are enduring because people do not easily surrender internalized assumptions.

Schein also differentiates the underlying assumptions of individuals with those of the organization. This is an important distinction since it relates to an individual's capacity to align their behavior with organizational goals. The individual's underlying assumptions result from various teachings and experiences, especially those teachings associated with their early years of development. The organizational

assumptions are derived initially from the organization's founders and are successively reinforced or altered through the collective experience of the organizational members as they experience iterative successes and failures that affirm or deny the underlying truth of the initial assumptions. The power of shared assumptions comes from the mutual reinforcement of the organizational members.

Davis' (1984) suggests that "guiding beliefs" are equivalent to the espoused values in the Schein model. These are consciously held but Davis characterizes them as similar to Schein's underlying assumptions in the behavior of individuals and organizations. Guiding beliefs are the ethical underpinnings for establishing strategy and allocating resources of the organization.

In the Davis framework, values and beliefs are explicit and understood by organizational members, i.e., guiding beliefs are known to leaders and members. All is conscious. While this produces valuable insights, there seems to be a marked advantage in postulating the existence of unconscious underlying assumptions in the Schein framework because such a view enables analysis of behaviors that are unexplainable at the level of espoused values and beliefs, e.g., when actions are misaligned with espoused values and there is great resistance to examining root causes.

The espoused values and beliefs along with the underlying assumptions of the organization are what new entrants to organizations are taught (i.e., socialized) as

they engage in the process of learning the “rules” or “expectations” of behavior within the group. They are also the reference by which members filter, or make sense of, uncertain events in times of change or turbulence (Van Maanen and Schein 1977).

As groups remain together and share experiences, their underlying assumptions become more abstract and deepen. In this regard Schein, adapting the work of Kluckhohn and Strodtbeck (1961), decomposes underlying assumptions further into the following categories:

- **Nature of reality and truth**
 - What is real and not real
 - Physical realm versus social realm
 - How truth is determined
 - Is truth revealed or discovered

- **Nature of time**
 - How is time defined and measured
 - How many kinds of time are there
 - Importance of time in the culture

- **Nature of space**
 - How space is allocated and owned

- The symbolic meaning of space around the person
- Role of space in defining relationships (degree of intimacy or definition of privacy)
- **The nature of human nature**
 - What human attributes are considered intrinsic or ultimate
 - Is human nature good, evil, or neutral
 - Are human beings perfectible or not
- **The nature of human activity**
 - What is the right thing for human beings to do in relating to their environment (based on the above assumptions on reality and the nature of human nature)
 - Appropriate level of activity or passivity in life orientation
 - Relationship of organization to environment
 - What is work and what is play
- **The nature of human relationships**
 - What is right way for people to relate to one another
 - Distribution of power and love
 - Is life cooperative or competitive; individualistic, group collaborative, or communal
 - Appropriate psychological contract between employer and employee

- Authority based on traditional lineal authority, moral consensus, law, or charisma
- How should conflict be resolved
- How should decisions be made

2.2.7.4 Embedding Organizational Culture

Although the formation of organizational culture can be complex, involving all individuals and subgroups of the organization, the roles that founders and senior leaders play in the process is most critical and formative. Authority and power provide senior leadership with flexibility to invoke various means for shaping assumptions and the resulting beliefs and values in organizational members. Figure 2-5 summarizes culture embedding mechanisms employed by leaders (Schein 1992).

Primary Embedding Mechanisms	Secondary Articulation and Reinforcement Mechanisms
<ul style="list-style-type: none"> • What leaders pay attention to, measure, and control on a regular basis • How leaders react to critical incidents and organizational crises • Observed criteria by which leaders allocate scarce resources • Deliberate role modeling, teaching, and coaching • Observed criteria by which leaders allocate rewards and status • Observed criteria by which leaders recruit, select, promote, retire, and ex-communicate organizational members 	<ul style="list-style-type: none"> • Organization design and structure • Organizational systems and procedures • Organizational rites and rituals • Design of physical space, facades, and buildings • Stories, legends, and myths about people and events • Formal statements of organizational philosophy, values, and creed

Figure 2-5. Culture Embedding Mechanisms (Schein 1992)

2.3 SYSTEMS OF BELIEFS AND VALUES

Beliefs are generated from several sources. Sathe (1985) lists three fundamental sources:

- **Sensory Beliefs** arise from perception and trust in sensory inputs. These are experiential and may or may not be shared by others. These tend to be taken for granted.

- **Authority Beliefs** are based on the authority of others that one trusts.
Typically these are in areas requiring expertise that the individual does not have such as law, medicine, theology and sciences.
- **Derived Beliefs** are based on one or both of the previous two sources. A simple example is the chained sequence of hearing a fact from an authority (sensory) supported by trust in the opinion of that authority (derived). Sathe poses the Surgeon General's announcement that smoking is bad for the health as an example of this type of belief structure.

Other potential sources of belief are:

- **Cognitive Beliefs** result from application of rational thought to abstract ideas. For example, although the belief that "abortion is murder" may arise from authority or derived sources, it may also be a consequence of deduction. An internal rationalization might look something like this:
 - A fetus is a living entity (*Derived belief*).
 - If born, the fetus will be called a human and termination of its life is regarded as murder—an ethically held position (*Derived belief*).
 - Prior to birth the fetus may or may not be human (*Cognitive presumption*).

- No authority has convincingly established that a fetus is not a human (*Cognitive presumption*).
 - Termination of the fetus may be termination of a human (*Cognitive presumption*).
 - If there is a chance that termination of a fetus may be termination of a human, an ethically responsible position is to regard fetal termination as murder (*Cognitive belief*).
- **Revelational Beliefs** arising from non-sensory, non-authoritative, irrational sources. Although it may be arguable that a belief without some physically-manifested influence is impossible, there are claims to such sources of belief in areas such as religion, the arts, sciences and engineering. Sometimes in the sciences this is referred to as an “ah-ha” moment of inspiration. A notable case in this regard is Isaac Newton’s conceptualization of gravity as a function of mutual attraction of bodies of mass. His legendary observation of a falling apple in his back yard was a circumstantial coincidence but for years into his old age he could not explain where the insight on the gravitational model came from that morning. It changed history.

When modes of thinking and behavior are founded on coupled sets of beliefs, these are referred to as a system of beliefs. Beliefs that are most central to a system are held most strongly. While Sathe (1985) identifies sensory and authoritative beliefs as typical examples of central beliefs, it is arguable that

cognitive and revelational beliefs may equally serve in this capacity. For example, in the previous conceptualization of the abortion rationalization sequence, the process may serve to tightly integrate the derived beliefs and the cognitive presumptions into a tight cluster such that it functions as a system.

It can be argued that cognitive beliefs may be stronger than sensory or authoritative beliefs because of the powerful effect of individually derived insight. For example, while the derived belief that a fetus is a living entity is fundamental to the rationalization process, it may be regarded as trivially obvious by the individual and thereby less potent in the belief cluster as compared to the logic stream tying it to the resulting cognitive belief. Revelational beliefs may have similar strength stemming from the impact they may have on an individual's ownership of the insight through the irrational experience of the "ah-ha" moment.

Sathe claims that beliefs can be interconnected without a logical or rational basis with faulty reasoning, flawed premises or ego-centric irrational motives serving as examples. He also asserts that because beliefs center on whom an individual trusts and the faith an individual has in their own personal experience, one or both of these factors would have to change in order to change a belief.

Values are qualitative conceptualizations of preferred states based on beliefs about what is good or ideal. Sathe refers to these as evaluative beliefs. They indicate favored end states such as equality, self-fulfillment, or freedom. They can

also refer to modes of conduct such as courage, honesty and friendship. Values are shaped strongly in early childhood development by parents, family, teachers and friends. A system of values can provide a set of decision rules for prioritizing action in situations of value conflict such as being truthful or being compassionate.

According to Sathe:

An important aspect of one's value system is the *ordering* of one's values according to relative importance....One's value system may not be entirely consistent from a strictly logical or rational standpoint, any more than beliefs are. Value inconsistencies may remain unresolved, without the individual's being aware of them, until a choice has to be made that brings out the inconsistencies. If it causes more pain and anxiety to recognize as inconsistency than the person is able or willing to endure, the inconsistency may be resolved by repressing it (1985, 94).

Among several tests for evaluating the ordering of individual values, one that is widely used incorporates a scheme for differentiating individual types. This was originally developed by Eduard Spranger (Spranger and Pigors 1928). Sathe summarizes the ideal individual types that Spranger conceived:

1. Theoretical

- Interested in the discovery of truth and systematic ordering of knowledge

- Empirical, critical, rational

2. Economic

- Oriented toward what is useful
- Interested in business, use of economic resources, building wealth

3. Aesthetic

- Interested in artistic aspects of life, but not necessarily an artist
- Values form and harmony

4. Social

- Love of people; altruistic or philanthropic
- Kind, sympathetic, unselfish

5. Political

- Oriented toward power

6. Religious

- Seeks to relate to universe in a meaningful way

2.4 SUMMARY

This chapter has briefly reviewed the history of organizational theory. While the theories each capture a useful portion of the nature of organizations, individually they represent a single lens. People are not machines yet they function more efficiently when given a common purpose, a logical way to accomplish their tasks,

and are held accountable for what they do. While efficiency has value, the motivations and actions of people are complicated and difficult to reduce to a simple schematic. They are governed by psychological factors not all of which are rational.

In the end, I find Schein's thinking about organizations most persuasive. The organizational culture perspective provides a framework for discussing beliefs, values and underlying assumptions of leaders and organizational members. This is will be used in the following chapter on moral philosophy and, in later chapters on morality as practiced by leaders in organizations.

CHAPTER 3: MORAL PERSPECTIVES

3.1 INTRODUCTION

The subject of ethics and morality starts with the question of what constitutes right and wrong behavior and a methodology for determining the appropriate moral action of individuals and groups. While ethics in the corporate world may seem taken-for-granted in that it is expected that organizations function with honesty, trust, and integrity in compliance with law and business practice (particularly in the United States), the daily moral behavior of individuals within organizations varies and shifts over time. Because of this variation, the espoused claims to hold ethical values may be seen by organizational insiders as merely rhetorical necessities of management to create form and image but nothing of actual substance.

Because modern assumptions of morality held by individuals vary widely (e.g., morality as absolute, relative, or non-existent), I believe it is important to examine the major tenets of morality and the history of moral reflection. Such an examination provides a vocabulary of morality and an appreciation for the importance of moral debates. Although a thorough study of ethical and moral philosophy is beyond the scope of this thesis, examination of some of the major schools of thought are useful for understanding the moral frameworks that that have shaped the modern Western world. Because of the breadth and depth of moral philosophy, I use secondary sources to provide a general perspective. Although I have attempted to edit author bias as much as possible, the overview that follows remains unavoidably tied to my

own values and interpretations. Nonetheless, I have tried to maintain some detachment and insofar as possible, present a fair if all too quick reading of moral philosophy.

My approach in this chapter begins with a general discussion of moral precepts, followed by a more elaborate treatment of two specific areas of moral thought: relativism and natural law. This is followed by a brief summary of the views of some of major Western moral philosophers as well as some contemporary behavioral science schools of thought pertaining to moral development. The chapter concludes with an application of system dynamics to ethical decision making and learning processes.

I should note that the contrast between moral relativism and moral absolutism is crucial. In many ways, such beliefs represent underlying assumptions as discussed in Chapter Two. Moreover, the contrast proves useful for examining the behavior of organizational leaders that will be examined in following chapters.

3.2 MORAL PHILOSOPHY

The subject of moral philosophy is complex. In broad perspective, conceptualizations of moral and ethical behavior are found in all groups around the world. Speculating on the origins of morality, Holmes (2003) says:

Humans have always needed food, warmth, shelter, and things that satisfy these basic needs have had value for us. In this we are like

other animals...But at some point in our history we begin to think of these things as valued. With that, conceptualization began and the idea of goodness was born. This shift separated us from other animals. They need and want many things but (so far as we know) don't have a concept of value (or goodness) by which to understand and think about such things or about the role such things play in their lives. This capacity for conceptualization and thought makes moral philosophy possible...As societies came into being, increased cooperation and a division of labor facilitated the satisfaction of needs. Wants then began to outstrip needs, and interests extended beyond things that merely make survival possible to things that also enhance life...Anything in which an interest was taken eventually came to be invested with value, and the idea of goodness became pervasive...The details of how this came about we do not know. We do know that in Western thought the philosophical significance of the story received its first full explication from Plato in the fourth century B.C. He pointed out that just as the sun is necessary to light, nutrition, and growth throughout the physical world, so the idea of goodness is essential to our understanding of people, conduct, institutions, and society (2003, 4-5).

While morality seems to be commonly understood as the criterion for "correct" conduct, moral philosophers are challenged to answer fundamental questions about its nature. Examining theories of morality, Beauchamp (1982) cites Hartland-Swann's (1960) proposition that morality is to be understood in terms of socially important customs, beliefs, and rules. Beauchamp quotes Hartland-Swann:

...there is nothing which is "intrinsically" or "unconditionally" or

"absolutely" moral—or immoral; what is moral, or immoral, depends on the degree of social importance attached to its performance, or avoidance, by some particular community at some particular time and in some particular place. Or, where there is a divergence between individual and community moral appraisals, what is moral or immoral depends, so far as the individual is concerned, on what *he* regards as socially important and thus considers ought to be regarded as socially important by the community, or perhaps by humanity as a whole. That there is a large measure of agreement concerning what is to be regarded as socially important (to do or not to do) in the sphere of human conduct is something which is obvious. It is also something for which we should be thankful; for the general stability of social life depends on a widespread agreement—which is never, however, a universal agreement—that certain principles are to be called moral or immoral principles, and certain types of behavior moral or immoral behavior... There are many more theories which have been propounded regarding the properties a rule or judgment *must* have in order to rank as moral; but all such theories are doing is to *stipulate* that this or that property must be present and to hope that we will agree with the stipulation. My own view must also be classified as a theory, but a theory of a very different kind. For it is a theory about what has in fact *caused* various communities to label certain rules moral and others non-moral, or, more broadly, it is a theory devised to account for the notion of morality which all or most of us have (1982, 10).

Beauchamp speculates that Hartland-Swann's thesis ("that three levels of socially important customs 'crystallize-out into legal offenses, moral misdemeanors, and lapses of etiquette'), while useful, may overlook distinctive attributes of morality

“from law (legal codes) and etiquette by features *other than* their relative social importance” (1982, 10-11). He points out that:

Morality demands a whole way of life governed by certain acceptable principles and motives. Such broad and demanding requirements are not involved in law or etiquette. This seems to give morality greater importance than law or etiquette in one’s personal life—even if not greater *social* importance. Further that laws are often grounded in certain moral convictions that lead legislators to enact them, they may formalize or codify what is morally already of the greatest social importance. Laws against theft, murder, and discrimination are based upon moral beliefs about stealing, killing, and treating others as equals; and Hartland-Swann would have us believe that moral rules occupy a secondary status of relative importance in comparison with legal rules (what he calls “the legal code of the community”)...But if the constitution itself is based on, and justified in terms of, moral standards, as constitutions commonly have been, how can it be argued that morality occupies a position of lesser social importance than law? We overturn, rewrite, or amend laws and constitutions when we see their moral deficiency or incompleteness; and we often refer to such laws, before their reformation, as “unjust” and “morally impoverished” (1982, 10-11).

Beauchamp asserts that “some literature on the nature of morality, the social-institution analysis is augmented (or even abandoned) through an analysis of one or more of four criteria of moral judgments, principles, and ideals” (1982, 11). He refers to these criteria as ‘marks of the moral’ because each is a central characteristic of moral beliefs. Although he cautions that these characteristics do not completely

resolve the questions about the nature of morality, they are useful in learning about what morality is and is not. These “moral marks” are summarized below:

1. A judgment, principle, or ideal is moral only if a person (or alternatively a society) accepts it as **supremely authoritative or overriding** as a guide to action. To put it another way, this criterion says that morality must have priority over everything else in our lives. While this plays an important role in the lives of people, Beauchamp argues that it is doubtful it is a necessary condition of morality since legal and other kinds of considerations can outweigh moral considerations when they are in conflict (1982, 11-12).
2. The **prescriptive form** of moral statements distinguishes them from others. They are action-guiding imperatives (e.g., an act ought not to be done). They guide behavior by prescribing a particular restraint or course of action (1982, 12).
3. **Universalizability**. A broadly accepted criterion for moral judgment, values, and ideals. Moral judgments should apply in a similar way to all people situated in similar circumstances. Beauchamp says “Kant also maintains that moral principals impose unconditional, categorical demands on all alike, without regard to differences in persons” (1982, 13). He also points out that while on one hand this formulation is plausible under the notion of uniform fairness, it is challenged by the argument “that many moral positions involve a significant measure of personal choice which the individual making the choice would not wish to generalize for others...moral judgments are tailored to

particular cultures and systems of thought beyond which they are often not intended to apply” (1982, 13).

4. ***Benevolence***. This criterion asserts that it is essential for a moral action-guide to have some direct correlation to human thriving, to consider the welfare of others, or at least to be concerned about not harming other persons. This condition excludes judgments, principles, or ideals pertaining exclusively to personal benefit, and it thus corresponds with common usage of the term “morality.” Beauchamp notes:

The reference to human welfare involved in moral rules or judgments is often so oblique or noncommittal that we may wonder about the exact requirements and implications of this proposed criterion. As it has generally been formulated, the criterion refers to the welfare or benefit of only *some* persons, not to *everyone’s* welfare or even to the welfare of the majority... the criterion is compatible with many views that are blatantly immoral—various forms of discrimination giving preferential treatment to dominant and prejudiced groups being but one of many possible examples. Thus, in order to accept this fourth criterion, we must possess a well-developed conception of *how* morality makes reference to human welfare (1982, 14).

While, as Beauchamp says, none of these criterion alone may serve as a necessary condition of morality, collectively they may constitute a sufficient standard of morality. Although, he points out, some moral philosophers are skeptical that this is plausible. Another idea that Beauchamp suggests is a “pluralistic answer” that posits:

There is no single set of marks that must always be present for a judgment, principle, or ideal to be moral, but there are nonetheless several marks that are frequently present and that are relevant to the classification of a judgment as moral. According to this approach, an intricate pattern of combinations of properties is sufficient for saying that we have a 'concept' of morality. Any judgment, principle, or ideal that has some of these properties can be moral, though the absence of a property relevant to morality counts against a judgment's being moral (1982, 15).

3.2.1 MORAL RELATIVISM

One of the largest questions in moral philosophy is whether morality is absolute or relative. According to Beauchamp "one of the most common conceptions of morality is that all moral beliefs and principles are relative to individual persons. One person's or one culture's values, relativists maintain, do not or need not govern the conduct of others" (1982, 33). He continues further that "it is frequently added that rightness is contingent on individual or cultural beliefs and that the concepts of rightness and wrongness are therefore meaningless apart from the specific contexts in which they arise" (p. 33).

He also points out that moral relativism is not new in moral philosophy. "Ancient thinkers were as perplexed by cultural and individual differences as moderns, as is evidenced by Plato's well-known battle with relativism popular in his day...Nevertheless, it was easier in former times to ignore cultural differences than it is today, for there was once greater uniformity within cultures, as well as commerce

among them” (p. 33). In regard to modern cultural contrasts, Beauchamp says: “we are almost daily struck by differences between Anglo-American culture and, say, the customs prevalent in Iran, China, and India. The differences are sometimes so staggering that we can scarcely believe that we live in the same world, or at least the same world of morals...At the same time we wonder whether we are called upon by this diversity to tolerate racism, social caste systems, sexism, genocide, and a wide variety of inequalities of treatment that we deeply believe morally wrong but find sanctioned either in our own culture or in others” (p. 34).

Beauchamp suggests that moral relativism is unconvincing to moral philosophers because the arguments for it are weak and confused. He argues:

Problems of apparent moral diversity offer a serious challenge to moral philosophy. If rightness and wrongness are completely determined or exhausted by particular contexts, a universal ethical system seems an unattainable ideal...one main goal of general normative ethics is to outline a system of moral norms applicable to everyone, independent of special contexts. Although it has at times been fashionable in the social sciences to view relativism as a correct and highly significant doctrine, moral philosophers have generally tended to discount this evaluation. They find relativistic views unconvincing, both because they seem irrelevant to the main task of moral philosophy and because the counterarguments appear to be at least as good as the arguments defending relativism. Furthermore, there are so many different notions subsumed under the rubric of relativism that arguments often seem undirected and confused (1982, 34).

In describing relativism of a cross-cultural sort, Beauchamp says:

(Anthropologists) maintain that the anthropological evidence indicates at most that in all societies persons possess a moral conscience, a general sense of right and wrong; for, in every culture, some actions and intentions are approved as right or good, and others are disapproved as wrong or bad. On the other hand, the particular actions and motives that are praised and blamed vary greatly from culture to culture—the killing of aged parents being one among thousands of examples (1982, 34).

In regard to views on tolerance, Beauchamp says:

If we interpret normative relativism as requiring tolerance of other views, the whole theory is imperiled by inconsistency. The proposition that we ought to tolerate the views of others, or that it is right not to interfere with others, is precluded by the very structures of the theory. Such a proposition bears all the marks of a non-relative account of moral rightness, one based on, but not reducible to, the cross-cultural findings of anthropologists. If there can be relativity of belief in the case of every other ethical issue, then there certainly can be relativity over whether the practices of another society or person are to be tolerated (1982, 42).

3.2.2 NATURAL LAW AND MORALITY

“Natural Law” is a concept with a long history in moral philosophy. Referred to by some as “moral law,” it is based on the idea of reciprocity (i.e., the Golden Rule) and is formative to assumptions on natural human rights. The importance of natural law is that it is a major tenet of moral absolutism. According to Beauchamp:

The doctrine of natural rights has a long history, the oldest tradition stretching back as least to ancient Greek and Stoic beliefs in natural law, an ideal or standard fixed by nature, binding on all persons, and taking precedence over the particular laws and standards created by human social conventions. In Greek philosophy, natural right or law was contrasted with conventional right or law. Philosophers such as Plato opposed any conventionalism that made human arrangements the measure and final source of authority in political and legal matters. Nature or the natural order was thought to contain normative standards, and Plato reasoned that it was quite possible for laws adopted by city-states to be unjust, or at least not perfectly just. If unjust laws prevail, as Plato apparently believed was the case in Athens, then the philosopher and lawmaker should seek a final normative standard of justice as found in nature. This theory of natural law was refined and developed by philosophers during the Middle Ages. Thomas Aquinas identified natural laws with God-given rules that could be discovered by rational beings...Aristotle, Aquinas, and other natural-law philosophers have also been responsible for a second tradition of natural rights, according to which human beings have a fixed nature or essence that is knowable by reason and that determines fundamental obligations and rights” (1982, 206-207).

While natural law discussions are widespread in philosophy, there are many skeptics. Doubt rests on the ability to know the natural law. Beauchamp notes:

Unlike laws employed in scientific theories, these natural laws of ‘right reason’ cannot be confirmed or falsified by any mode of factual reasoning. Nor do the rights often mentioned seem self-evident (not to mention the problem of the justification of claims to self-evidence). The idea behind natural-law theories is to provide an external and

objective standard, yet the theory itself seems purely subjective to some critics. Questions have been raised as to whether there even is a fixed human nature. Some existentialists have argued that human beings have only history, not a nature; and a number of prominent theories in psychology reach a similar conclusion. But even if there is a fixed human nature, it would remain to be shown that one can draw *moral* conclusions from a theory of human *nature* (1982, 207-208).

Appealing to empirical evidence in religions for natural law, Adler (1990) says:

Prescriptive truths that are common to all or most religions may have the precepts of the natural moral law at their core. They may all share in an ethics that is formulated philosophically. Some of the precepts of the natural moral law coincide with precepts of the divine law. For example, it is a teaching of Jesus Christ that 'as you would that men should do to you, do you also to them likewise.' The Jewish Talmud teaches that 'what is hateful to yourself, do not do to your fellow men.' An Islamic teaching is that 'no man is a true believer unless he desires for his brother that which he desires for himself.' The Hindu Mahabharata declares that 'one should never do to another that which one would regard as injurious to oneself.' In the Buddhist sutra, we find the teaching that 'as a mother cares for her son, all her days, so toward all living beings a man's mind should be all-embracing.' The Confucian, Taoist, and Jainist writings contain similar precepts... these are all slightly differing versions of the Golden Rule as a precept in moral philosophy. Two things should be pointed out about the Golden Rule. One is its vacuity as a precept of conduct unless is filled in with an understanding of what is really good for any human being and, in consequence, as understanding of what is right for all others. The second point is more important. The prescriptive truth of the Golden

Rule, properly understood, or the moral truth in various religious precepts that are summarized in the Golden Rule, presupposes the affirmation of some descriptive or factual truths. The only prescriptive or moral truth that does not presuppose any descriptive or factual truths is the first principle of morality: we ought to seek everything that is really good for human beings and nothing else” (1990, 87-88).

Kant’s view of the “moral law” claims it to be derived from pure reason. In describing Kant’s perspective, Rawls (2000) says:

...Kant does not mean to teach us what is right and wrong (he would think that presumptuous) but to make us aware of the moral law as rooted in our free reason. A full awareness of this, he believes, arouses a strong desire to act from that law... This desire is (what we called in Hume...) a conception-dependent desire: it is a desire, belonging to us as reasonable persons, to act from an ideal expressible in terms of a conception of ourselves as autonomous in virtue of our free reason, both theoretical and practical. In his moral philosophy, Kant seeks self-knowledge: not a knowledge of right and wrong—that we already possess—but a knowledge of what we desire as persons with powers of free theoretical and practical reason...in this connection...Kant may also seek, as part of his Pietist background, a form of moral reflection that could reasonably be used to check the purity of our motives. In a general way we know what is right and wrong, but we are often tempted to act for the wrong reasons in ways we may not be aware of. One use he may have seen for the categorical imperative is as expressing a reasonable form of reflection that could help us guard against this by checking whether the maxim we act from is legitimate as permitted by practical reason...the categorical imperative articulates a mode of reflection that could order

and moderate the scrutiny of our motives in a reasonable way. I do not see Kant as concerned with moral skepticism. It is simply not a problem for him, however much it may trouble us...He always takes for granted, as part of the fact of reason, that all persons (barring the mentally retarded and the insane) acknowledge the supreme principle of practical reason as authoritative for their will (2000, 148-149)...Further Kant thinks that the moral law can move us so strongly as to outweigh all of our natural inclinations, even the love of life itself (p. 201)...[Kant believes that] when we are presented with a clear conception of the moral law, and see it exemplified in someone's life, we are made fully aware for the first time of the dignity of our nature as free, reasonable, and rational persons. Were it not for this clear conception of the moral law as a law of freedom and the awareness of its powerful effect on us as such a law, Kant thinks we would not know what we are: our nature as free persons would remain hidden to us. A clear understanding and awareness of the moral law is the way to this self-knowledge (p. 202).

Hume's view of "moral law" is that it simply is an aspect of human nature. He does not attribute it to a religious source. For him, morality is derived from the human emotion of sympathy. From this human trait, the propensity for benevolence arises. Rawls notes:

Hume is saying that his science of human nature also shows that our moral sense is reflectively stable: that is, that when we understand the basis of our moral sense—how it is connected with sympathy and the propensities of our nature, and the rest—we confirm it as derived from a noble and generous source. This self understanding roots our moral

sense more solidly and discloses to us the happiness and dignity of virtue (2000, 100).

3.2.3 PHILOSOPHICAL PERSPECTIVES ON MORALITY: A SHORT HISTORY

The ancient Aegean philosophers (pre-Socratic) were concerned with finding the ultimate reality that transcends and explains the everyday experiences of people.

They focused was on three principle issues (Sproul 2000, 13-15):

- **Monarchy** which relates to the quest for the principle or chief substance (archē) from which all things are composed.
- **Unity in the mist of diversity** which seeks to understand how all things fit together in a meaningful way. Searching for universal laws from raw data of the particulars.
- **Cosmos over chaos** which was the study of the orderliness (cosmos) of nature as opposed to disorder (chaos).

The pre-Socratic philosophers pursued these issues as applied to the individual, society, politics, war and architecture and art. However, by the time of Socrates (born 470 B.C.), Greek culture had began to decline in substantive thinking and civic virtue. The ancient quest for archē was replaced with the cynicism, skepticism and pragmatism of the Sophists (Sproul 2000, 27).

Furthermore, Rawls notes, Greek religion was a civic religion of public responsibilities and practices. There were no sacred texts. The early Greeks had Homer. Rawls says:

Beginning with Socrates, Greek moral philosophy criticized Homer and rejected the Homeric ideal of the heroic warrior, the ideal of the feudal nobility that ruled in earlier times and that still had wide influence... Thus Greek moral philosophy begins within the historical and cultural context of a civic religion of a polis in which the Homeric epics, with their gods and heroes, play a central part. This religion contains no alternative idea of the highest good to set against that of these gods and heroes... So, rejecting the Homeric ideal as characteristic of a way of life of a bygone age, and finding no guidance in civic religion, Greek philosophy must work out for itself ideas of the highest good of human life, ideas suitable for the different society of fifth-century Athens. The idea of the highest good is, then, quite naturally at the center of the moral philosophy of the Greeks: it addresses a question civic religion leaves largely unanswered (2000, 3-4).

3.2.3.1 Sophists

Sproul says that the Sophist, Gorgias, introduced radical skepticism and replaced the study of philosophy with the practice of Rhetoric (for him the goal was to achieve practical aims through persuasion rather than proclaim truth). He claimed that truth does not exist declaring "all statements are false." The concern for Socrates, however, was the death of truth which meant, to him, the death of virtue and therefore the death of civilization (2000, 28).

3.2.3.2 Socrates

Socrates, holding that knowledge and virtue are inseparable, believed that virtue could be defined as “right knowledge.” Sproul elaborates:

Socrates was persistent in his quest for accurate definitions, which are essential to true learning and precise communication. For example, he believed that there is such a thing as justice, though justice may be difficult to define precisely. Anticipating the Enlightenment, Socrates used an analytical method by which he sought the logic of the facts. For him the logic is what is left after the facts are exhausted. “Beauty remains”, he said, “after the rose fades”. He sought the universals that are gleaned from an examination of the particulars (2000, 31).

3.2.3.3 Plato

In response to the Sophist teaching of moral relativism, Plato sought to establish an absolute foundation for morality that centers on the concept of goodness. Plato’s “Idea of the Good” is immutable and eternal, with a reality that transcends the world of sense experience (Holmes 2003). His paradigm was that of two different worlds: the primary of which is the metaphysical world of “Ideas” which is beyond and overarching to the physical world of material things (Sproul 2000, 32). This archē of the world of Ideas provided Plato’s with a basis for his absolutist assumptions of morality. His concept of knowing or understanding the “Idea of Good” is the principle motive of education and an objective of his Academy. The Platonic view is that whatever may change in human societies, goodness is unchanging. Those who

know the good will be most prepared know what is best in personal, social, and political affairs (Holmes 2003).

Another aspect of Plato's framework is his assumption that human's are comprised of both soul (mind) and body. The soul's function, in Plato's view, is to deliberate, make choices and direct the whole person (a composite of the immaterial soul (mind) and the material body) by use of reason. He defined virtue as an attribute of anything that has function enabling it to operate in its highest, or best, capacity. For the soul, Plato claims that virtue is justice. Living well in Plato's view entails living happily and morally, thus the soul should be trained to master understanding what is good. In Plato's view the best form of society is ordered according to roles that people serve. These roles reflect a person's capacity to grasp knowledge of what is good that leads to a given level of wisdom (Sproul 2000, 32-38).

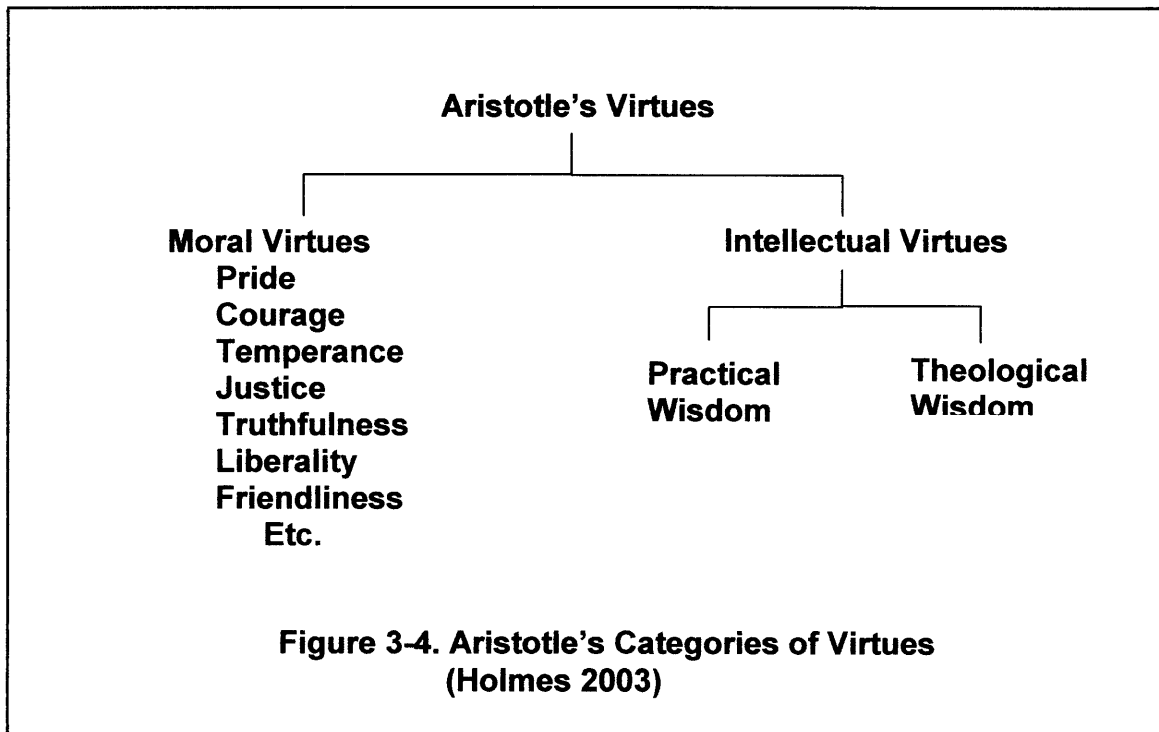
3.2.3.4 Aristotle

Aristotle, the most notable of Plato's protégé's, views the world similarly to Plato except that instead of the soul being immaterial and contained in the body, it is part of the material manifestation of the body with form and function enabling it to reason and react with emotion. Unlike Plato, Aristotle does not believe that good is derived from a reality external to the material world; instead he believes that goodness is contained within the material makeup of nature. This corresponds to his dominant focus on the study of nature and its categorization. Aristotle's description of virtues

is formed along the idea that right conduct will lead to happiness. Although he categorizes virtues into moral and intellectual, many of the virtues he lists are general and do not fit specifically into a given moral framework. Figure 3-4 provides a breakdown of Aristotle's virtues (Holmes 2003).

Whereas Plato's position of goodness being outside of the natural world allows him to claim that the following of the virtues will lead to good actions. Aristotle's materialist framework provides no such claim. Aristotle's moral theory is more complex than Plato's. Aristotle, however, believes there are virtues that, if followed, will lead to happiness (his definition of rightness). Such virtues are developed through the practice of ethical conduct (2003).

Among Aristotle's major contributions to philosophy was his work in formal logic. In measuring and analyzing the relationships of statements or propositions, logic provides a powerful argumentative tool. Sproul writes: "The chief principle of logic is the law of **noncontradiction**: Something cannot *be* what it is and *not be* what it is at the same time and in the same sense or relationship...According to Aristotle, the laws of logic apply to all sciences because they are valid for all reality" (2000, 41-42).



Rawls (2000) summarizes the moral views of the Greeks:

...they focused on the idea of the highest good as an attractive ideal, as the reasonable pursuit of our true happiness...they were concerned with this good as a good for the individual. For example, Aristotle meets criticism of acting justly not by saying that we should sacrifice our own good to the claims of justice, but by saying that we lose our own good if we reject those claims. The approach of Socrates and Plato is similar...Again, virtuous conduct they saw as a kind of good to be given a place along with other goods in the good life, and they looked for a conception of the highest good to serve as a basis for judging how this could reasonably be done...moral philosophy was always the exercise of free, disciplined reason alone. It was not based on religion, much less on revelation, since civic religion did not offer a rival to it. In seeking moral ideals more suited than those of the

Homeric age to the society and culture of fifth-century Athens, Greek moral philosophy from the beginning stood more or less by itself (2000, 4-5).

After the death of Aristotle, the philosophical culture of Greece changed as a new era of skepticism arose. The Stoics and the Epicureans were among the skeptics. Yet Grecian philosophy continued to dominate the Western world. Although interested in the pursuit of truth, the skeptics were cautious about drawing conclusions, especially from sense perceptions. They also questioned moral axioms and deferred judgments on ethical questions (Sproul 2000).

3.2.3.5 Augustine

Upon his conversion to Christianity, Augustine turned to the questions of orthodoxy and wrote extensively on epistemology, creation, the problem of evil, and the nature of free will. His search for a foundation of truth centers on rational thinking and the use of the mind (or soul). Long before Descartes, Augustine claimed that in the act of self-consciousness, reality is instantaneously known with assurance (2000, 57).

The following are some of Augustine's principle axioms listed by Sproul that underlie Augustine's ethical framework.

- **Divine Revelation Required for All Knowledge**

Augustine believed that divine revelation is central to all knowledge. He used the metaphor of light to explain that just as the eye which has the capacity to see depends on illumination, so the mind with the capacity to know depends on external revelation. Thus even scientific truth is dependent on God's revelation. Even the act of self awareness, Augustine claims, is an act of awareness of God. He argued the premise that the direct knowledge of God is innate in the human soul, claiming that all people know that god exists although not all people acknowledge that they know. This leads to his conclusion that those who do not acknowledge that they know God are responsible for their willful ignorance and thus responsible for their consequential sin.

- **Relationship of Faith and Knowledge**

For Augustine, knowledge and faith are interlinked. While he believes faith to be a precursor to knowledge, Augustine notes that it is reasonable faith as opposed to mere credulity. That is to say knowledge that is believable must also be rational. In this sense the idea of mystery is acceptable but not contradiction. For example one can delve into the mystery of gravitational force which, although unobservable, is not an irrational concept. In this view, right faith is always rational faith.

- **Creation**

Contrary to Greek philosophical thought, Augustine defended biblical creation claiming it to be a voluntary act of God and having purpose. He posited that the

material world is finite and created out of nothing. Here he was not claiming that the material world sprung forth from nothing which would be self-creation and irrational. It would be irrational because for something to create itself it must first exist which violates the law of noncontradiction (requiring the world to *be* and *not be* at the same time and in the same relationship). Augustine's view of the material world is that although it is not inherently evil (as in Platonism) it is also not immutably good; instead it is "fallen."

3.2.3.6 Aquinas

While Thomas Aquinas' theology agrees with Augustine, he broadened the perspective with a provocative proposition that truth (including the knowledge of the existence of God) can be learned by either nature or grace (i.e., by philosophy, science, or the Bible). In describing Aquinas' ethical theory, Holmes says:

In his view there is one, transcendent, highest good, which is God. And it is ultimately by reference to God that all else is to be understood. But while God is the highest objective good, there is a subjective good for humans. And Aquinas understands this good to be happiness...there are two kinds of happiness: natural happiness, which we are able to achieve on our own, and supernatural happiness—contemplation of God—which we can achieve only with divine grace" (2003, 99).

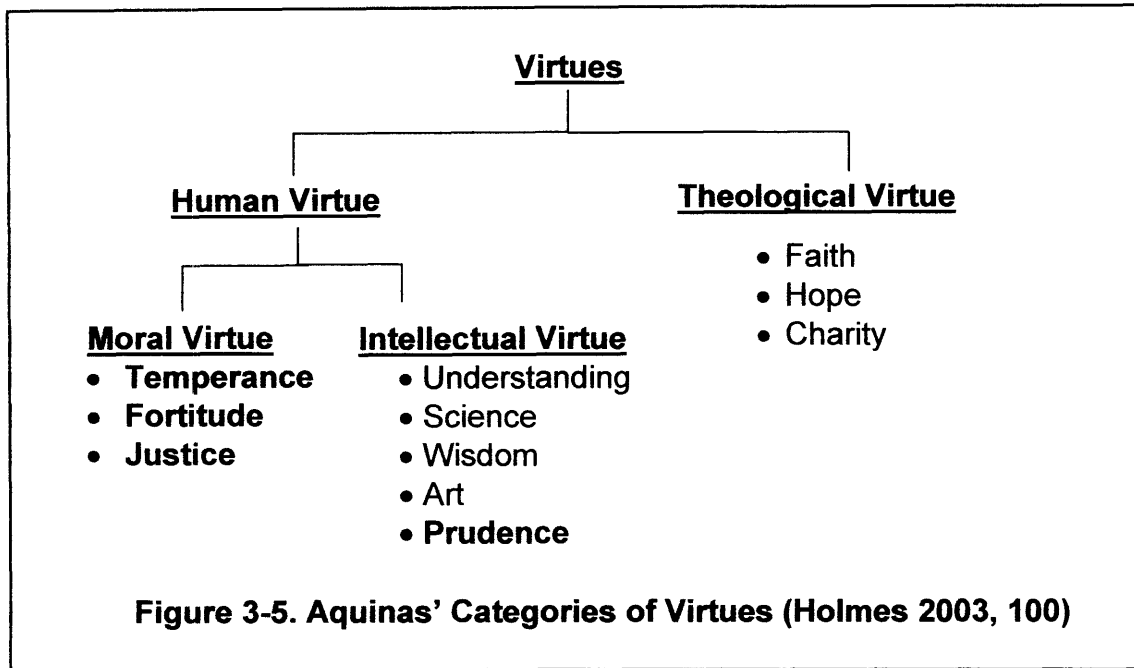
Holmes describes Aquinas' view that man's pursuit of happiness comes through the virtues, which, he says involve "habits that perfect us to perform good acts and

achieve happiness.” Holmes describes Aquinas’ view on human virtues as being either intellectual or moral. These virtues are shown in Figure 3-5. Because the intellect is oriented to truth and falsity, the virtue of intellect concerns developing habits that predispose an individual to correctly apprehend truth. Holmes notes:

Understanding is the virtue associated with our knowledge of self-evident principles; science is the virtue associated with deductive knowledge. Wisdom oversees both ways of knowing truth and judges the various sciences as well as their basic principles...Art is right reason about thing to be made. Prudence, in contrast, is right reason regarding things to be done. It concerns the whole of one’s life and involves the right choices of means to ends (2003, 100).

In describing Aquinas’ thinking on moral virtue, Holmes says:

One can know a lot,...without using that knowledge to good ends. We must choose to use our intellect well. This requires moral virtue, which is habit that perfects the appetitive part of the soul (which governs choice) to do well and attain happiness. Temperance is keeping our passions from leading us to act contrary to reason (say, through lust); fortitude is keeping our passions from preventing us from doing what reason says (say, through fear). Justice, less directly connected with the passions, is giving each his or her due in the various transactions in which we engage. One can have moral virtue without the intellectual virtues of wisdom, science, and art; but it requires understanding and prudence (which is akin to moral virtue). The four cardinal human virtues are prudence, temperance, fortitude, and justice (2003, 100).



In describing moral philosophy of medieval Christianity, Rawls (2000) says:

...in contrast with classical moral philosophy, the moral philosophy of the medieval Church is not the result of the exercise of free, disciplined reason alone. This is not to say that its moral philosophy is not true, or that it is unreasonable; but it was subordinate to church authority and largely practiced by clergy and the religious orders in order to fulfill the church's practical need for a moral theology... Moreover, the doctrine of the Church saw our moral duties and obligations as resting on divine law. They were the consequences of the laws laid down by God who creates us all and who maintains us in being at every moment, and to whom we are everlastingly obligated. If we think of God as supremely reasonable, as Aquinas did, then these laws are dictates, or prescriptions, of the divine reason. It is from Christianity that the idea of a dictate, or imperative, of reason specifying our duties and obligations enters modern moral philosophy... Thus the concept of obligation was widely understood in the seventeenth century as resting

on the idea of natural law, or divine law. This law is addressed to us by God, who has legitimate authority over us as our creator; it is a dictate of divine reason, or of divine will, and in either case it directs us to comply with it on pain of sanctions. And while the law commands only what is in due course good for us and for human society, it is not in acting from it as for our good that we fulfill our obligation but rather in acting from it as imposed by God and in obedience to God's authority (p. 6-7).

3.2.3.7 The Age of Reason

In Sproul's description of the years following Aquinas, many changes took place in philosophical and theological thought. A revival of Platonism and Stoicism in the New Academy in Florence and a rise of skepticism with a growing emphasis away from claims of objective truth and toward a "principle of equipollence" which held equal credibility to any proposition and its contrary. During this period, Skeptics argued against the possibility of having direct knowledge of God. They held that the senses were incapable of apprehending being (2000, 79).

By the sixteenth century, the printing press had revolutionized knowledge dissemination throughout Europe. New ideas and controversy were stimulated. Copernicus' conceptualization of heliocentric universe upset both Protestant and Catholic scholars who viewed it as a threat to their geocentric worldview. Mathematical leaps allowed for pure abstract forms such as logic and the development of calculus. Newton's conceptualization of gravitational forces and his formulation of fundamental physical laws revolutionized scientific understanding. His

physics framework provided a mechanism to understand and predict natural phenomenon and his calculus provided the key for operating it. The success of the scientific method in unlocking nature's mysteries was of course highly influential in the thinking of philosophers.

Rawls emphasizes the impact of the Reformation on views of moral thought in the seventeenth century. The medieval Church was a monolithic and authoritative influence throughout Europe. The Reformation brought a fragmentation of authority with consequences on moral assumptions that were unforeseen by the reformists.

Rawls elaborates:

We have to ask what it is like for an authoritative, salvationist, and expansionist religion such as medieval Christianity to fragment. Inevitably this means the appearance within the same society of rival authoritative and salvationist religions, different in some ways from the original religion from which they split off, but having for a certain period of time many of the same features. Luther and Calvin were as dogmatic and intolerant as the Church had been. For those who had to decide whether to become a Protestant or to remain Catholic, it was a terrible time. For once the original religion fragments, which religion then leads to salvation?...the Reformation gave rise to the severe conflicts of the religious wars, which the Greeks did not experience. The question raised was not simply the Greek question of how to live, but the question of how one can live with people who are of a different authoritative and Salvationist religion. That was a new question, which posed in an acute form the question of how human society was possible at all under those conditions (2000, 7-8).

The moral philosophy of the Renaissance, Rawls says was affected by the religious and cultural situations that shaped the views and problems of the period.

Rawls notes:

...By the eighteenth century, many leading writers hoped to establish a basis of moral knowledge independent of church authority and available to the ordinary reasonable and conscientious person. This done, they wanted to develop the full range of concepts and principles in terms of which to characterize autonomy and responsibility... To elaborate: as we have seen, on the one hand, there is the traditional view of the Church that, in the absence of divine revelation, we cannot know the principles of right and wrong with which we must comply and which specify our duties and obligations. Even if some of us can know them, not all can, or not all can keep in mind their consequences for particular cases. Therefore the many must be instructed by the few (who may be clergy) and made to comply by threats of punishment. On the other hand, there is the view more congenial to the radical side of Protestantism, with its idea of the priesthood of all believers and the denial of an ecclesiastical authority interposed between God and the faithful. This view says that moral principles and precepts are accessible to normal reasonable persons generally—various schools explain this in different ways—and hence that we are fully capable of being moved to fulfill them... In the contrast stated in the above paragraph, three questions may be distinguished: First: Is the moral order required of us derived from an external source, or does it arise in some way from human nature itself (as reason or feeling or both), and from the requirements of our living together in society? Second: Is the knowledge or awareness of how we are to act directly accessible only to some, or to a few (the clergy, say), or is it accessible to every person who is normally reasonable and conscientious? Third: Must we

be persuaded or compelled to bring ourselves in line with the requirements of morality by some external motivation, or are we so constituted that we have in our nature sufficient motives to lead us to act as we ought without the need of external inducements? (2000, 8-10).

Rawls points out that the moral philosophers of the Renaissance were not trying to determine right and wrong (they were in agreement on this) but were trying to work out a basis for moral values. Rawls says:

...the writers of this period more or less agree on what in fact is right and wrong, good and bad. They do not differ about the content of morality, about what its first principles of rights, duties and obligations, and the rest, are. None of them doubted that property ought to be respected; all of them affirmed the virtues of fidelity to promises and contracts, of truthfulness and beneficence and charity, and much else. The problem for them was not the content of morality but its basis: How we could know it and be moved to act from it (2000, 10-11).

The following briefly summarizes some of the main ideas of the Renaissance moral philosophers.

3.2.3.8 Descartes

Sproul describes Descartes as a talented mathematician, noted both for his scientific wisdom and for his philosophical thought on epistemology. The equipollence of the skeptics was, to Descartes, unsettling, lacking rigor of thought. He sought to use a mathematical rationalism in philosophy to avert the vagaries of

the skeptics. In his search for a fundamental truth on which all other truth could be established, Descartes resorted to his perception of his own existence: Cogito ergo sum (I think therefore I am). From the perspective of philosophical worldview, despite his being a devout Catholic, Descartes' principle impact was the laying of a rational foundation as a basis for all knowledge (2000, 83-90).

3.2.3.9 Locke

According to Sproul (2000, 83-90), John Locke emphasized the idea that all knowledge can be derived empirically through the senses. He is notable for the concept of the "tabula rasa" (the blank slate) from which all knowledge arises. Locke refutes innate, or a priori, knowledge; positing that all that is knowable is learned through experience. His model begins with simple ideas that serve as building blocks for greater complexity through reflection. This model would later be foundational to psychological models. Locke was a theist and presented extensive arguments for the existence of God using reflective logic.

While Locke's epistemology is an important contribution to models of human development, he is more noted for his contributions of political theory. For Locke, all law is grounded in natural law which is derived from the eternal law of God. Locke's framework consists of four categories:

- **Law of Opinion** is general view of the public that happens to be in vogue at a given point in time. While it may or may not be reflected in civil

legislation, the power of enforcement is enacted through public opinion and the associated moral sanctions that undergird it.

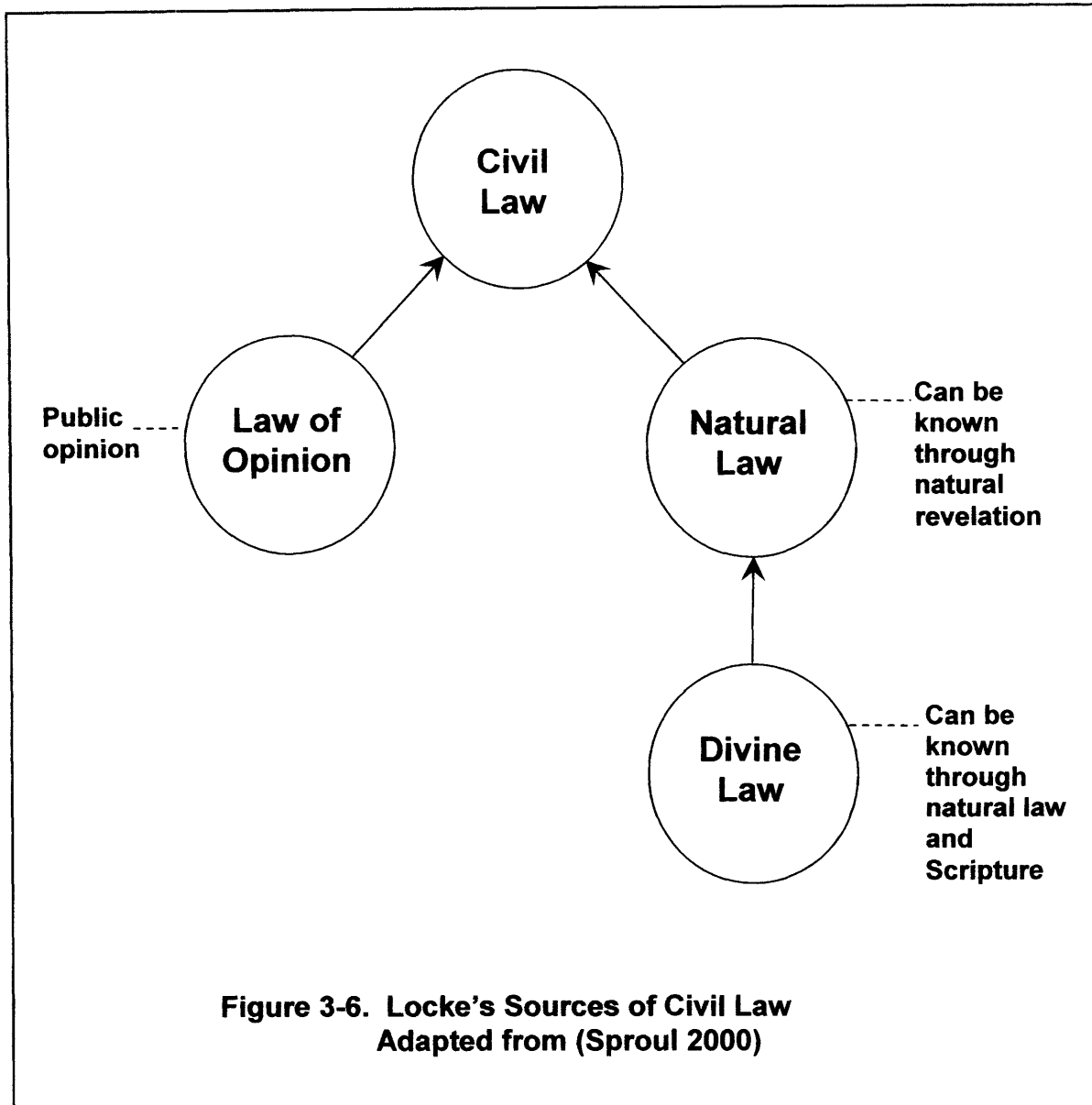
- **Civil Law** is enacted by governments and enforced through formerly established agencies. The virtue (or moral correctness) of civil law is measured against the standard of natural law which is the law of God.
- **Natural Law** is the inherent moral standard by which people can govern “right” behavior. While derived from divine law, natural law represents the process of knowing divine law through natural reason.
- **Divine Law** is the indisputable foundation of all law and is an absolute measure of correct moral standards based on God’s revelation. Sproul elaborates:

Language such as, ‘They are endowed by their Creator with certain unalienable Rights...’ is Lockean to the core. Locke asserts that in divine law, with its great principles of morality, can be discovered without reading the Bible; the divine law can be known through natural reason, because the divine law is known through natural law. He believes that the divine moral law is as demonstrable as the laws of mathematics (2000, 100).

Sproul’s depiction (2000, 101) of the relationship of these four laws is shown in Figure 3-6. Sproul indicates that among the examples of moral law in Locke’s framework are private property rights and restriction of liberty which later became linked to the success of capitalism. In Locke’s view, private property rights are grounded in natural law and the restriction of freedom is necessary to protect people

from those who would usurp the rights of others and take what is not theirs. Here the assumption is that evil is an attribute of nature thereby requiring constraint from immoral action by governmental enforcement. Locke believed that in a state of nature, without civil government, the “law of the people” would prevail in which “might makes right” resulting in chaos and the disarray of society (2000, 100).

Locke’s model of restriction asks people to surrender enough of their freedom in order to preserve life and possess private property which are both fundamental to the “pursuit of happiness”. He believes that natural reason will persuade most people to pursue a course of enlightened self-interest. Although he favors a commonwealth where political power is based on the will of the majority, he believes that the laws of a just state cannot reside in majority opinion, but instead must be motivated by the common good as revealed in natural law. The law of nature is necessary to protect individuals from the tyranny of the majority. This underlies the distinctions of a republic, where rule is by law, from a democracy, where rule is by the will of the people (2000, 101-102).



3.2.3.10 Hume

David Hume, a utilitarian and skeptic, refuted Locke's assumption of natural law as a foundation for moral standards. While he shares Locke's empirical belief that all human knowledge is derived through the senses and by reflection, he departs from Locke on the assumption that God exists. In his "Treatise of Human Nature" (1739), Hume took the position that facts cannot be proved by a priori reason but are

discovered or inferred by experience. Anything outside the scope of direct experience is invalid according to Hume and therefore a natural law rooted in divine law is meaningless. By making the assumption that only the material may be shown to exist, Hume concluded that the notion of God or anything that is not directly sensed in the everyday norm is not real.

Hume's skepticism includes a refutation of direct knowledge of causality since the constitution of a first cause cannot be shown by direct experience, thus causality is relational. He infers causality by reflection on events that obey three relationships: *contiguity* (events being close in space), *priority with respect to time* (events have consistent sequencing with one another), and *constant conjunction* (consistency in relational connection of events). Hume's definition of natural law is thus different from that of Locke, Aquinas, Augustine, Aristotle, and Plato, all of whom assume a source beyond direct experience. Hume's natural law is defined by those events characterized by repetitive, uniform experience. On this basis, Hume refuted the concept of miracles as a violation of natural law since they are by Hume's definition, outside everyday experience. (Sproul 2000, 103-115; Holmes 2003, 170-171; Beauchamp 1982, 86-87)

Hume's view on moral judgment rests on practical and psychological attributes of human nature. Hume also appeals to the obviousness of morality in human nature such as sentimentality. In his commentary on last part of Hume's "Treatise," Rawls (2000) says:

Hume states that although justice is artificial, the sense of its morality is natural; and he affirms once again the steadfast and immutable basis of justice, or of what I called the practically best scheme of the conventions of justice... We might think that, like other human inventions, this one is fragile and transitory. But against this he says: "The interest, on which justice is founded, is the greatest imaginable, and extends to all times and places. It cannot possibly be served by any other invention. It is obvious, and discovers itself on the very first formation of society. All these causes render the rules of justice steadfast and immutable... as human nature"... He adds that they would have no greater stability if they were founded on original instincts... [Hume] remarks that "all lovers of virtue" must be pleased to see that moral distinctions are derived from so noble a source as sympathy and that they disclose the "generosity and capacity of human nature." Hume takes it to be plain from ordinary life that "a sense of morals is a principle inherent in the soul" and one that powerfully affects us... Hume thinks he has laid out—as an anatomist of human nature—all the facts needed to convince us that we should accept and be happy with our moral sentiments, with our nature as it is... One might suppose offhand that of course the moral sense must confirm itself and so be reflectively stable. What other criterion does that sense have but itself to set against its own judgment? This thought is soon abandoned once we recall those later anatomists of human nature and its moral psychology—Marx and Nietzsche, Freud and Pareto (to mention several)—whose views can undermine and put in doubt our common moral sentiments. Indeed such undercutting views were not uncommon in Hume's day (2000, 98-100).

3.2.3.11 Kant

Kant synthesized rational and empirical philosophy's by means of a "transcendental method" linking knowledge that begins with sensory input to knowledge filtered by a priori intuitions of space and time (Sproul 2000, 120). For Kant, a priori intuitions are essential to perception. In his framework of how humans attain knowledge, Kant argues that because human perception takes place in a separate realm (phenomenal) from where things actually exist (noumenal), it is not possible to mediate perceive things-in-themselves including self and God.

As previously noted, Kant suggests a "supreme principle" (or moral law).

Beauchamp describes Kant's position:

[The moral law] is the fundamental principle one recognizes (consciously or unconsciously) whenever one accepts an action or judgment as one's moral duty. It says: "I ought never to act except in such a way that I can also will that my maxim should become a universal law." This Kantian principle has often been compared favorably with the golden rule, but Kant himself calls it the "categorical imperative." Kant gives several examples of moral maxims made imperative by this fundamental principle: "Help others in distress," "Do not commit suicide," and "Work to develop your abilities" (1982, 121)

In applying the categorical imperative (CI) to a deceitful promise (not intending to keep it), Kant asks whether it is logical that everyone should act in such way to which his answer is no. Kant argues that claiming both promise and deceit as universal laws is a contradiction and no rational being would will a contradiction.

Beauchamp notes, however, that Kant's CI does not apply as smoothly to other problems like deceit when they are not as simple as in the case of lying to save someone's life. Explaining the categorical imperative further, Beauchamp notes:

Kant's categorical imperative is categorical because it admits of no exceptions and is absolutely binding. It is imperative because it gives instruction about how one ought to act...[categorical imperatives] are objectively necessary without reference to any purpose. That is, a categorical imperative tells one what must be done whether or not one wishes to perform the action (p. 122).

Regarding another categorical imperative of Kant, Beauchamp elaborates:

...Kant goes on to state his categorical imperative in a distinctly different formulation (which some philosophers take to be a wholly different principle). This later form is probably more widely quoted and endorsed in contemporary philosophy than the first form..."One must act to treat every person as an end and never as a means only" (p. 123).

Although there are many contributors to modern moral philosophy (including Marx, Freud, and Sartre), I only present Nietzsche because he seems (in my view) to represent an extreme view of morality from the atheist position.

3.2.3.12 Nietzsche

Holmes suggests that Nietzsche's view of self perfection is that it does not come through being morally good, or through religion, or through loss of individuality by means of asceticism. Instead, it comes through self-mastery and the free exercise of creative powers. Holmes notes: "Just as Plato and Aristotle believed some people are naturally superior in intelligence, Nietzsche believes some people are naturally superior in this regard, and through them great achievements have flowered in the course of history. Through them, what is best in humanity will flourish in the future" (2003, 54).

Nietzsche also believes there are obstacles to those who are intellectually, physically, and creatively superior. Of Nietzsche's superior person, Holmes says:

[They] create what is of lasting value among human beings. There are no absolute standards. In their absence and in the absence of God (whose existence Nietzsche denies), such people are the creators of value (which means morality in its very nature depends on human beings). Although they respect their equals, they despise the weak and do not hesitate to exploit or suppress them, to the point of cruelty and injury if necessary. This is just the way things are; it is the nature of life. Throughout nature, life is the expression of a will to power: will to prevail, dominate, suppress. In the superior person, it is not merely the impulse to master others, but also the desire to master one's self as well (2003, 54).

Holmes describes Nietzsche's philosophy of the struggle between the few superior individuals and the many average individuals:

The distinctive qualities of superior people make up the virtues of what Nietzsche calls *master morality*: pride, self-assertion, power, cruelty, honor, rank, nobility. What such people prize is good, and what they despise bad." Holmes further elaborates that Nietzsche believes "the weak have sought over time to overcome the strong. There is a long story of this, in Nietzsche's view. In essence, the weak foster virtues that, when generally accepted, have a leveling effect, holding down the naturally superior and enabling the weak (who are greater in number) to gain the advantage. The valuing of equality encourages this, as does the extolling of such virtues as love, compassion, sympathy, obedience, altruism, self-sacrifice, and humility. These are virtues of *slave morality*, which are born in resentment of the strong and exemplified in peoples such as the Christians and Jews, who have suffered at the hands of others. The weak elevate qualities that are by nature inferior to the category of the "good," and then label "evil" those qualities that are by nature superior—the virtues of master morality. The standards of good and evil, so defined, reverse the values of good and bad exemplified by the superior, and symbolize the values of slave morality... Notice that in all this there simply are no standards, religious or ethical, apart from humankind, and moralities assume different forms depending on the qualities of the persons and circumstances in which they emerge historically. It is important to note that there is also subordination of the role of happiness (2003, 54-55).

3.2.3.13 SUMMARY

The question that seems most central in moral philosophy rests on the nature of morality. The views of absolutism, relativism, and nihilism have been argued from various assumptions about the nature of the universe and the nature of man. It seems clear that the essence of morality has been strongly debated for a long time and, no doubt, will continue. It is also clear that there is a precedent for assuming that such a thing as morality exists because of its pervasive presence in the minds and cultures of people around the world as indicated by this review. The perspective on the nature of morality seems to be central to the conclusions and assumptions one may draw regarding “right” behavior that includes, besides the exact behavior under consideration, the idea of diversity and consistency over time and space. The issue of absolute moral standards versus moral relativism is a key theme throughout the remainder of this thesis. Next we briefly examine the psychological perspectives of moral structuralism.

3.3 SOCIOCOGNITIVE-STRUCTURAL MORAL DEVELOPMENT THEORY

The nineteenth century developments in science and the worldviews of thinkers such as Freud, Darwin, Marx, and Nietzsche, strongly influenced the naturalistic view held by the human sciences such as sociology, anthropology, and psychology. In these fields, new approaches to the study of morality took hold that were based on empiricism and naturalistic processes. Sociocognitive-structural psychology has had a significant impact in the West in shaping the views on human morality in

academia, the behavioral sciences in particular. While developmental and moral psychology has its roots with John Dewey, only the work of Jean Piaget and Lawrence Kohlberg, are summarized here. This work is the most widely known. Both were structuralists.

3.3.1 Jean Piaget

Jean Piaget, known for his work in developmental psychology and genetic epistemology, adopted a theoretical approach called structuralism. According to Rosen:

A structuralist approach cuts across disciplines and has been applied to such wide-ranging areas as mathematics, biology, anthropology, sociology, linguistics, and literature...Structuralism is a method of analyzing and understanding phenomena rather than a dogma of content. The structuralist scans the surface manifestations of things or events and penetrates below these to grasp the underlying order and significance which form a meaningful pattern. The superficial detail and diversity that appear on the surface prove to be less significant than the coherent pattern of the deep structures which give rise to what is overtly perceived. The submerged patterned relationships of whatever is under consideration are what constitute the sources of reality and account for observed regularities, rather than the atomized surface details. Emphasis is placed upon the self-regulating system of relationships and transformations among the interdependent elements comprising the totality or whole of a phenomenon (1980, 1).

Piaget's principal goal was to study the nature of knowledge and its origins. He begins with Locke's "tabula rasa" assumption, rejecting any notion of innate ideas or structures. He focused on children for most of his research because his model assumes the continuous development of new structures out of old ones which become more complexly organized and progress in development in an unvarying sequence. In passing from one developmental stage to the next, lower-order structures are integrated into a higher-order system. The rate of progression is dependent on individual, cultural, and environmental factors. Piaget identifies four distinct periods of development: Sensorimotor, Preoperational, Concrete Operational Period, and Formal Operational. Each period has identifiable sub-stages or phases of development. Although he maintains that the development process does not skip periods or stages, it does not mean that everyone progresses through all periods of development. The framework is useful in providing normative reference in analyzing learning development of people in varying societies, cultures, and environments. (1980, 2-15)

Piaget's fifth book, *The Moral Judgment of the Child* (1932), was a pioneering contribution to sociocognitive moral theory and established a foundation for further studies. Rosen says:

Piaget's investigations on moral development emphasized the verbally communicated judgments that children from five to thirteen years of age make when stories involving a moral component are posed to them. He did not explore the relationship between those judgments

and behavior, as is being done in current research. However, he does comment that children's behavior may reflect a developmental lag, so that they may be carrying out actions in the moral sphere that are more sensitively related to others than their conceptualized version of morality would suggest... There exists a premoral stage which is basically asocial. Following this are the two major stages of moral development in the Piagetian model. The first is a morality of constraint in which deference to external authority is the primary characteristic. It is referred to often as the stage of heteronomy and roughly corresponds to the preoperational cognitive period of development. The second is a morality of cooperation in which group solidarity and mutual respect are paramount. It is referred to as the stage of autonomy and corresponds to the period of concrete operations (1980, 17-18).

3.3.2 Lawrence Kohlberg

Following Piaget, Lawrence Kohlberg developed a cognitive-structural approach to moral development. Key to Kohlberg's ambitious studies is the finding that there are culturally universal stages of moral development. According to Kohlberg (quoted in Wilson and Schochet 1980, 57):

Central to the work is the problem of relativity of values. Are there universal values that children do or should develop? The solution...rests on recent findings...that show culturally universal stages of moral development...The cognitive developmental or progressive approach starts from a different view of morality than either common sense or most psychology. It claims that morality represents a set of rational principles of judgment and decision valid

for every culture: the principles of human welfare and justice. [While] the lists of rules and commandments drawn up by cultures are more or less arbitrary...it is maintained here that there are, in fact, only a few ethical principles and these are culturally universal...the categorical imperative (act only as you would be willing that everyone should act in the same situation) is a principle—not a prescription for behavior, but a guide for choosing among behaviors. As such it is free from culturally defined content; it both transcends and subsumes particular social laws and hence has universal applicability. Related to Kant's principles of the categorical imperative and central to the development of moral judgment is the principle of justice. Justice, the primary regard for the value and equality of all human beings and for reciprocity in human relations, is a basic and universal standard.

Kohlberg claims that he and his colleagues conclusively find in their research that the concept of justice is independent of cultural worldviews. Kohlberg elaborates:

Related to the principle of justice is the principle of role taking, the Golden Rule. All social life necessarily entails the assumption of a variety of roles, taking other people's perspectives and participating in reciprocal relationships, so that arriving at mature principles of justice is the result of reworking one's experiences of role taking in successively more complex and functional forms (1980, 58).

As a result of his research, Kohlberg concluded that people acquire and refine a sense of justice through a sequence of the following invariant developmental stages (1980, 58-59):

I. Preconventional Level

The person responds to cultural rules of good and bad (right and wrong) through the interpretation of consequences of action, e.g., punishment, reward, exchange of favors, or with regard to the physical power of those espousing the rules. There are two stages at this level:

- **Stage 1: The Punishment-and-Obedience Orientation**

The physical consequences of action determine its goodness or badness. Avoidance of punishment and deference to power are valued explicitly without consideration of any underlying moral order or substance.

- **Stage 2: The Instrumental-Relativist Orientation**

Right actions are those that satisfy one's own needs and occasionally those of others. Similar to a market place, human relations are understood in terms of fairness, reciprocity, and sharing but always interpreted in a physical or pragmatic way. Reciprocity is a matter of "you scratch my back and I'll scratch yours," not of loyalty, gratitude, or justice.

II. Conventional Level

Maintaining the expectations of the individual's family, group, or nation is perceived as valuable in its own right, regardless of immediate and obvious consequences. More than mere conformity to personal expectations and social order, the individual functions from a sense of loyalty characterized by actively

maintaining, supporting, and justifying the expectations of others and identifying with people or groups involved in it. This level has the following two stages:

- **Stage 3: The Interpersonal Concordance or “Good Boy—Nice Girl” Orientation**

Good behavior is that which pleases or helps others and is approved by them. It is characterized by conformity to stereotypical images or what is majority or “natural” behavior. Behavior is frequently judged by intention, e.g., well meaning.

- **Stage 4: The “Law-and-Order” Orientation**

Orientation is toward authority, fixed rules, and the maintenance of social order. Right behavior is regarded as doing one’s duty, showing respect for authority, and maintaining the given social order for its own sake.

III. Postconventional, Autonomous, or Principled Level

This phase of moral development is characterized by an individual’s efforts to define moral values and principles that have validity and application independent of the authority of groups or persons that may hold them and independent of the individual’s own identification with these groups. This level contains Kohlberg’s final two stages:

- **Stage 5: The Social-Contract Legalistic Orientation**

Right action is generally defined by individual rights, and standards that have been critically examined and agreed upon by the whole society. It

is characterized by clear awareness of the relativism of personal values and opinions and a corresponding emphasis upon procedural rules for reaching consensus. Free agreement and contract is the binding element of obligation. This is the “official” morality of the American government and constitution.

- **Stage 6: The Universal-Ethical Principle Orientation**

Right action is defined by the decision of conscience in accord with self-chosen *ethical principles* appealing to logical comprehensiveness, universality, and consistency. Characterized by abstract and ethical principles (e.g. the Golden Rule or the categorical imperative), they are not concrete moral rules such as the Ten Commandments. In essence, these are the universal principles of justice, of the reciprocity and equality of human rights, and of respect and dignity of human beings as individual persons.

Kohlberg claims these stages are defined by ways of thinking about moral issues and the bases of moral choice. They are not defined by particular opinions or judgments. Stages 1 and 2 (Preconventional) are typical of young children and “delinquents” where decisions are made largely on the basis of self-interest and material considerations. (Kohlberg believes moral relativism rests at this level.) Stages 3 and 4 (Conventional) are group-oriented in which most of the adult population operates. Stages 5 and 6 (Postconventional-Principled) characterize about 10-20 percent of the population. But only 5 percent arrive at Stage 6. He

finds that stages 5 and 6 are characterized by a culturally universal view of justice: “the primary regard for the value and equality of all human beings and for reciprocity in human relations is a basic and universal standard.”

Kohlberg, reflecting on the issue of ethical relativism, says:

If one society defines the right and the good, what is one to think when one recognizes that different societies label and define good and bad or right and wrong quite differently? When abortions were illegal in this country, they were legal in Sweden. With increasing exposure to how others live, there is a greater recognition of the fact that a given way is only one among many. If one cannot simply equate the “right” with the “societal” and the “legal,” then what is one to do? Adolescents may go through a period of ethical relativism during which they question the premises of any moral system. If there are many ways to live, who can presume to say which is best? Perhaps everyone should do his own thing... The way out of this moral relativism or moral nihilism lies in the perception that underneath the rules of any given society lie moral principles and universal moral rights, and the validity of any moral choice rests on the principles that choice embodies. Such moral principles are universal in their application and constitute a viable standard against which the particular laws or conventions of any society can and should be judged. When obedience to laws violates moral principles or rights, one is justified in violating such laws (1980, 60-61).

Kohlberg further claims that the individual’s (child’s) moral development of the last two stages is dependent on individual cognitive capacity and on societal

experience. Kohlberg explains: "If there is no coherent society or group of which the child sees himself as a member, then he cannot understand the basis for conventional moral thought. If his society is the only one he knows, there is no basis in experience for postconventional or principled thinking" (p. 61). He says that the societal experience may impede or foster moral development by the conception of justice they embody. This may create a stimulus for growth or "fixate" an individual at his current level.

3.3.3 SUMMARY

The sociocognitive structural approach of Piaget and Kohlberg has provided a useful framework for establishing various levels of moral cognition and the staged nature of moral development. A significant finding is that development stages are not skipped in the learning progression. This means that individuals at lower stage development cannot simply jump to more complex moral decision issues found in later stages without training and developing through the intermediate stages which presumably take time and experience. Moreover, the finding that moral relativism rests at lower developmental stages and that Natural Moral Law characterizes the highest stages of moral reasoning is substantial.

We next turn to developing cognitive maps of moral decisions with the use of system dynamics. My use of the "tool" here is that I believe it provides a useful way to connect and integrate the moral dilemmas illustrated in my summary of

philosophical thought. The models of system dynamics are, to be sure, simplifications of reality but they force synthesis while allowing for many variables.

3.4 LEARNING MODELS FOR ETHICS

Action, both individual and organizational, is determined through learning that comes from repeated interplay with others and the external environment. Manager's cognitive maps for moral action are formed by continual testing and cuing one another and the continual process of trial-check-adapt that comes with experience. All interaction shapes behavior and moral values (Jackall 1989). Argyris' (1978) "Organizational Learning" theses, provides a useful framework for understanding this learning process. His proposition is that organizations are dynamic entities composed of individuals who are continually adapting in a local sense. Argyris explains:

Each member of the organization constructs his or her own representation, or image, of the theory-in-use of the whole. That picture is always incomplete. The organization members strive continually to complete it, and to understand themselves in the context of the organization. They try to describe themselves and their own performance insofar as they interact with others. As conditions change, they test and modify that description. Moreover, others are continually engaged in similar inquiry. It is this continual, concerted meshing of individual images of self and others, of one's activity in the context of collective interaction, which constitutes an organization's knowledge of its theory-in-use...An organization is like an organism each of whose cells contains a particular, partial, changing image of

itself in relation to the whole. And like such an organism, the organization's practice stems from those very images. Organization is an artifact of individual ways of representing organization (1978, 16).

Because cognitive maps are important to human learning, developing visual maps of processes, functions, relationships, problems and their possible causes are useful. System dynamics modeling, introduced in Chapter Two, is a tool for analyzing organizational behavior and processes. It provides a way to model cognitive maps through the use of causal loop diagrams.

Causal loop diagrams decompose a problem or process into constituent parts or variables. These variables are then linked together by the use of "causal" arrows. If a variable is thought to cause an increase in another variable, then a plus sign (positive polarity) is denoted at the "receiving" variable. Some causal loop diagrams are shown without arrow polarity because the variables have yet to be defined precisely enough to allow a "quantitative" judgment of relational increases or decreases among variable pairs.

A causal loop is either a "balancing" loop or a "reinforcing" loop. A balancing loop is one in which the net polarity of all linking arrows is negative. This is a negative feedback loop in engineering parlance which is a condition for system stability. This type of loop generally tends to maintain a regulated level, i.e., it resists change and tends toward stasis. A reinforcing loop is one in which the net polarity of all linking arrows is positive. This is a positive feedback loop in engineering parlance

which is a condition of system instability. This type of loop tends to grow or decay without bound. In systems that are stable, there is usually at least one balancing loop to compensate for unrestrained growth or decay.

3.4.1 SINGLE- AND DOUBLE-LOOP LEARNING

Human learning processes are complex. Argyris and Schön (1978), seeking to simplify such complexity, proposed single and double loop learning as a description of human learning. Sterman (2000, 16-19) describes this theory using the system dynamics causal loop diagram. In Figure 3-7, the single loop learning model is shown. This is similar to the single feedback loop of Figure 2-2 except here decisions are a result of not only information feedback about the “real world,” but are affected by the application of decision rules being applied to the available information. Decision rules are framed in the context of institutional strategies and structures, in the case of organizations; or personal goals and objectives, which are in turn conditioned by mental models, in the case of individuals. As long as the mental models remain unchanged, the process is best represented as a single feedback loop where people learn to adapt and reach goals in terms of their existing mental models. In this condition, the worldview is static.

In double-loop learning, shown in Figure 3-8, the mental models are themselves adapting to information feedback. Changing mental models affect change in the structures and strategies of decision rules which, in turn, alter the decision process. Argyris says that this happens through a process of inquiry about underlying

assumptions (1978, 22). Examples from physics of double-loop learning include Newton's mechanical worldview in the seventeenth century and Einstein's relativistic worldview in the twentieth century. Both requires inquiry into existing assumptions that formed the mental models of nature. Likewise, adaptation of organizations and individuals require inquiry into underlying assumptions. Double-loop learning inevitably requires one to rethink one's worldview. But both Argyris and Schön say such rethinking is quite rare.

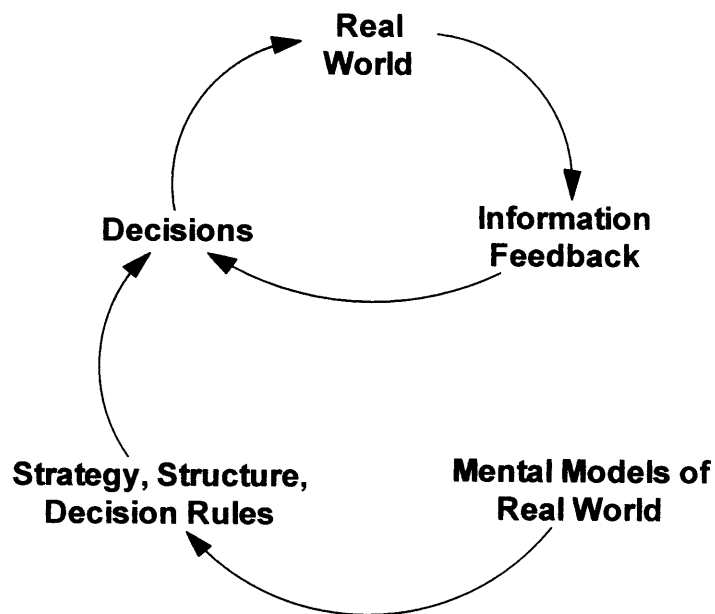


Figure 3-7. Single-Loop Learning (Sterman 2000, 16)

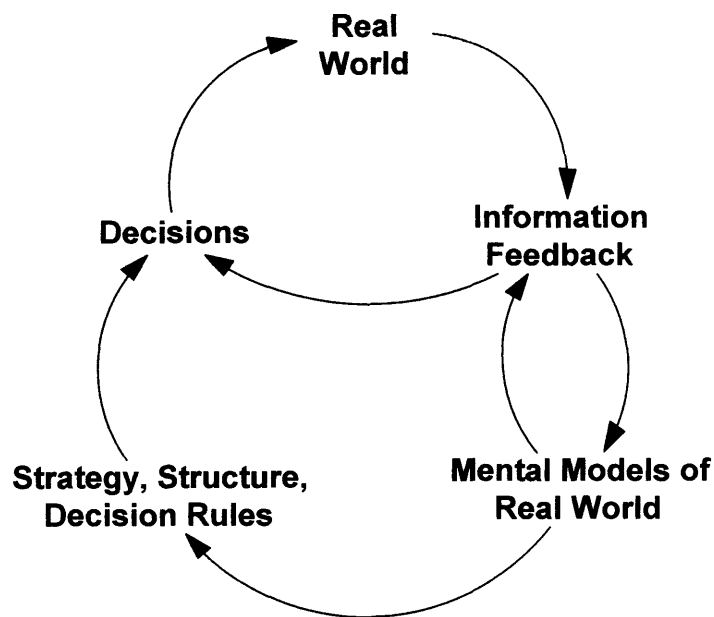


Figure 3-8. Double-Loop Learning (Sterman 2000, 18-19)

3.4.2 HONESTY/CHEATING MODEL

Building on Argyris' work, John Sterman' has recently developed a system dynamics model of honesty/cheating. The model characterizes cognitive mapping in the moral decision making realm.² Figure 3-9 presents Sterman's system dynamics model illustrating a propositional mapping of student decisions to cheat. The diagram suggests that "total apparent achievement" is the sum of "honest achievement" and "achievement by cheating." With increased "required achievement," the "pressure for achievement" likewise increases (denoted by the

² This model is found on page 37 in John Sterman's Instructor's Manual to his text book "Business Dynamics : Systems Thinking and Modeling for a Complex World" (2000)

positive polarity of the connecting arrow in the diagram). With increased pressure, the individual may choose to direct time and energy toward honest effort or toward cheating. The honest effort approach increases honest achievement thereby increasing the total apparent achievement thus reducing achievement pressure through an "*honest toil*" balancing loop (B1). If the individual chooses to cheat, achievement through cheating also adds to the total apparent achievement thus reducing pressure through a "*crime pays*" balancing loop (B2). The decision to cheat may stem from a belief that honest toil will fail due to such things as insufficient time or inadequate skills to accomplish what is required.

Both approaches have strong learning curve effects. Achievement through honest work increases a person's knowledge and work skill which in turn enhances the ability to do honest work and hence increase honest achievement. This creates the "*learning*" reinforcing loop (R1). The reinforcing nature of this loop to increase the effectiveness of honest effort reduces the need for cheating. In a similar fashion, the more a person cheats, the more their abilities at cheating increase. This forms the reinforcing "*learning to cheat*" loop (R2). The person accomplishes more of what is required for achievement without honest toil (presumably a more difficult and time consuming path). The consequential reduction in honest work decreases a person's abilities to do honest work and increases the pressure for further deception. This forms an entrapment process, where a "one-time" deception in a weak moment erodes ability and leads to an increasing dependence on cheating. To represent the rising requirements for achievement that comes from success, the reinforcing

“achievement treadmill” loop is shown (R3). This loop has some delay (represented by the lines drawn through the arrows that connect total achievement to recognition and promotion).

This cycle is seen not only in academic settings but the work settings as well. This reinforcing loop stimulates either the *honest toil* or *crime pays* balancing loops, depending on which is dominant. Depending on the escalation rate of pressure for achievement, the *treadmill* loop may cause a person to opt for deceptive behavior to accomplish what they are not capable of performing. The cumulative deceptive achievements, however, decrease a person’s ability to remain undetected. This, in turn, diminishes their ability to continue cheating and forms the *“tangled web”* balancing loop (B3).

The system dynamics models presented here provides unique cognitive maps of the causal forces and feedback loops of decision and learning processes. Sterman’s honesty/cheating model demonstrates an interesting and useful mapping of “addictive” learning cycles of honest and dishonest behavior. I will expand on this framework in Chapter Six.

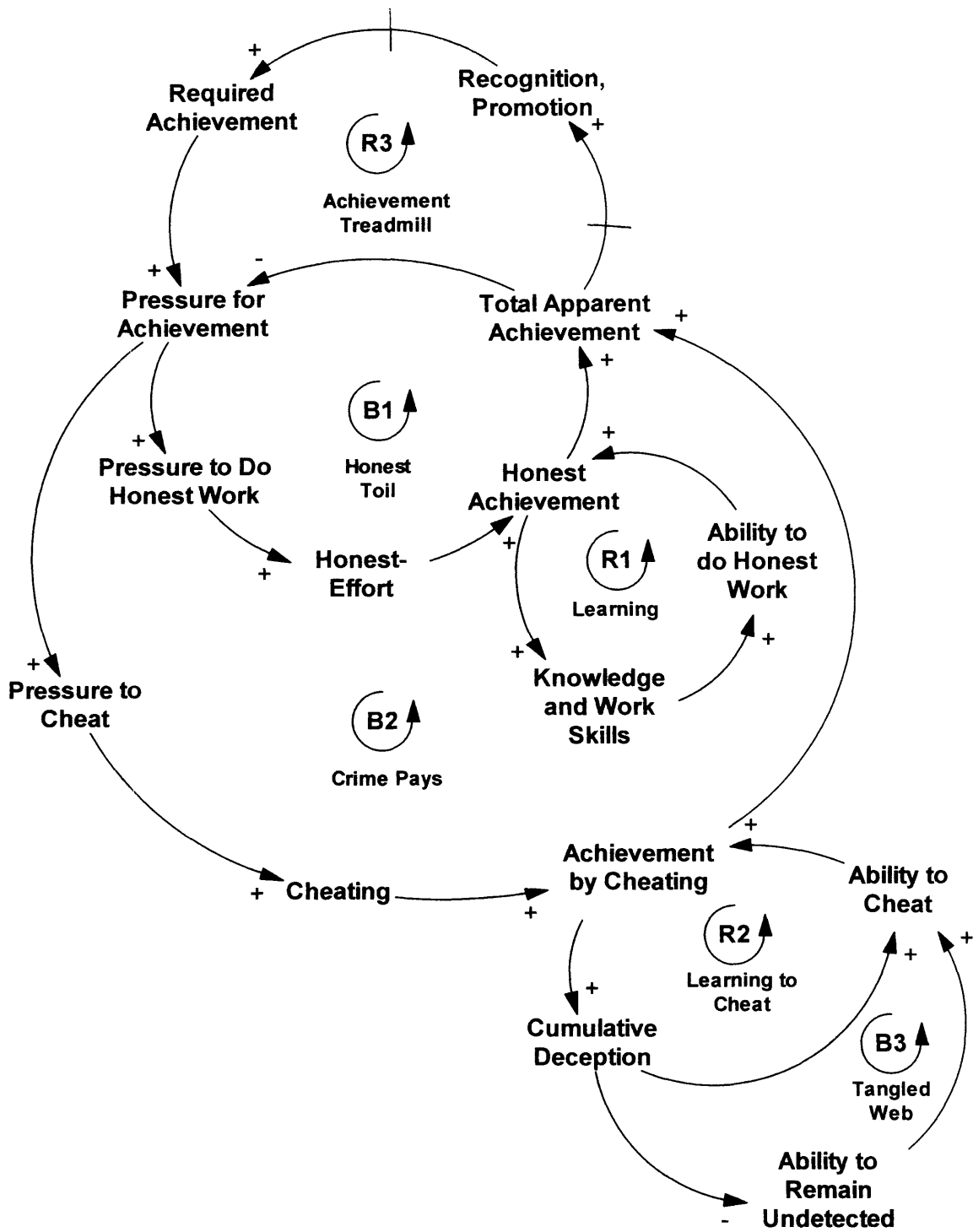


Figure 3-9. System Dynamics Model Causal Loop Diagram of Honesty and Cheating (Sterman 2000 Instructor's Manual, 37)

3.5 SUMMARY

This chapter briefly summarized the history of moral philosophy. Primary schools and key perspectives were outlined. Each, in different ways, has influenced ethical assumptions and shaped moral values. Throughout the expansive discourse on moral thought, however, the question of the existence (or absence) of absolute moral standards is a central theme. Beauchamp posited that the social analysis of morality, while useful, emphasizes law and etiquette over individual moral choice. For me, his four “marks of morality” serve as a useful basis for establishing whether a judgment, principle, idea or action falls in the realm of morality. Beauchamp argued that moral relativism is unconvincing and I agree.

A principle theme in this chapter was the struggle across the ages to rest morality on a convincing standard. The assumption of natural law (or divine law) which anchored Aristotle, Aquinas, and Kant (by his categorical imperative), sharply contrasts with the moral nihilism of philosophers such as Nietzsche. Adler (1990) argued that the Golden Rule existed in religions around the world. Kohlberg’s research, and that of his followers, apparently indicates (convincingly to him), that the concept of justice—as in the categorical imperative (or Golden Rule)—is culturally universal. Hume, according to Rawls, believed that justice, in this sense, is obvious. For him, the Golden Rule is derived from human sympathy which is intrinsic to human nature. The arguments in favor of universal moral law seem, in my view, to be consistent with broad human belief and behavior patterns. Although these views are pervasive in the moral philosophy literature, they are not without

dissenters such as Marx, Nietzsche, Freud and Pareto. This is because, as Beauchamp notes, moral law, unlike scientific theories, cannot be confirmed or denied conclusively by any mode of factual reasoning.

The sociocognitive structural approach of Piaget and Kohlberg provides an understanding of the various levels of moral cognition and the staged nature of development. Further, the understanding that comes from the structural development framework helps explain the differing levels of moral rationalization and decision capabilities of individuals. It also suggests that individuals who have not progressed through the necessary developmental stages cannot competently rationalize moral dilemmas associated with higher stages. This further suggests a need for moral training and experience to move individuals at lower developmental stages to higher stages that may be required in positions of responsibility and higher moral complexity. I find Kohlberg's position that moral relativism resides at lower stages of moral reasoning agrees with Beauchamp's overall view on moral relativism. This, I believe, is important. Also noteworthy is Kohlberg's finding that the highest stages of moral reasoning are consistent with concepts of the Natural Moral Law (The Golden Rule, categorical imperative and principles of reciprocity). What's more, his finding on the importance of societal conception of justice on the moral development of its members is an important contribution.

Sterman provides a cognitive map of the learning process in honest work and cheating. I find this helpful for thinking about the causal dynamics involved in ethical

choices. If nothing else, Sterman's work shows that it is quite possible and indeed helpful to model ethical decision making formally. And through such models, a greater appreciation for the systematical character of moral thought and action is possible. I use this model to create a new model for moral decisions and accountability in Chapter Six.

Finally, the distillation of the moral perspectives presented here seems to indicate two principle factors in moral decisions and commitment to a moral standard. They are the desire to act benevolently and the desire to act selfishly (meaning to act in self interest knowing that it is at the expense of others). These desires are in obvious conflict. I say more about this in Chapter Six. Now I move to examine the practice of moral decision making of leaders in organizations.

CHAPTER 4: LEADERSHIP ETHICS

4.1 INTRODUCTION

In this chapter, leaders are defined as managers who, through the authority and power formally vested to them, influence their followers in the organization for good or bad. The personal and organizational dynamics that influence the ethos of leaders is no different than that of their followers with the exception of the number of people (followers) that are influenced by “leaders” (senior officers of an organization) and the weight of influence the leader brings on followers. This influence is no doubt more pronounced at higher levels of management authority who carry wide spans of control. While the role of informal leaders (non-managers) is important and may even have greater impact than formal leaders, managers differ in influence by their formal power and their assumed accountability to “fiduciary” matters within the hierarchy and context of organizational life.

There is much public cynicism with government and business leaders today. But, I believe that there is an underlying idealism among followers of leaders in organizations. The cynicism itself might be evidence that followers want a “higher” standard of accountability and responsibility among their leaders than currently seems to call. I further believe that when the idealistic desire of followers is violated, the ability of a manager to lead vanishes. By this I mean to lead from inspiration rather than intimidation. While “values” are commonly mentioned in the teachings of management experts, less attention is given to leader ethics and morality.

Yet honesty, integrity, and fairness are among the core values often espoused by top officials in organizations, even though their actions frequently betray such values. This chapter will briefly summarize Max Weber's (1958) ethical framework shaped during the early years of the capitalist-based economies, the recent research findings of Robert Jackall (1989) on the morality of corporate managers, and compare these writings to those of the early leadership pioneer, Chester Barnard (1938).

4.2 ETHICS AND THE ORIGINS OF CAPITALISM

Although Max Weber's theory concerning the significance of the Protestant ethic on the development of capitalism is fundamental to the understanding of modern corporations and leadership, it is rarely mentioned by contemporary writers and teachers of management and leadership. My first exposure to Weber's *The Protestant Ethic and the Spirit of Capitalism* came as a consequence of my research for this thesis. In reading Robert Jackall's *Moral Mazes* (1989) I was introduced to Weber's work and its significance for understanding the relevance of moral prescriptions in the evolution of corporate culture. In Jackall's words:

To understand the connections between managerial work, bureaucracy, success, and morality, one must look at the great transformations, both social and cultural, that produced managers as an occupational group. A grasp of the moral significance of work in business today begins, in fact, with an understanding of the original Protestant ethic, Max Weber's term to describe the comprehensive

worldview of the rising middle class that spearheaded the emergence of capitalism. The term protestant ethic refers to the set of beliefs and, more particularly, to the set of binding social rules that counseled “secular asceticism”—the methodical, rational subjection of human impulse and desire to God’s will through “restless, continuous, systematic work in a worldly calling” (1989, 7; Quote from Weber 1930, 1958, 172).

Jackall further explains Weber’s ideas about the probation of self, work in the world, and eternal salvation in the Protestant ethic. Weber holds that the Protestant work ethic drove the industrial revolution and the capitalist economic form that took root during the eighteenth and nineteenth centuries. This formula includes the interesting prerequisite, according to Jackall, of an “ethic of ceaseless work combined with ceaseless renunciation of the fruits of one’s toil, [which] provided both the economic and the moral foundations for modern capitalism.” While laying out the ethical modus operandi of various Protestant sects, Weber attributes much of the asceticism in the early capitalist movement to the Puritan ethos. Regarding the Puritan view of material possessions, Weber notes:

This worldly Protestant asceticism, as we may recapitulate up to this point, acted powerfully against the spontaneous enjoyment of possessions; it restricted consumption, especially of luxuries. On the other hand, it had the psychological effect of freeing the acquisition of goods from the inhibitions of traditionalistic ethics. It broke the bonds of the impulse of acquisition in that it not only legalized it, but (in the sense discussed) looked upon it as directly willed by God. The campaign against the temptations of the flesh, and the dependence on

external things, was, as besides the Puritans the great Quaker apologist Barclay expressly says, not a struggle against the rational acquisition, but against the irrational use of wealth... Over against the glitter and ostentation of feudal magnificence which, resting on an unsound economic basis, prefers a sordid elegance to a sober simplicity, they set the clean and solid comfort of the middle-class home as an ideal (Weber 1930, 1958, 170-171).

Weber's research reveals a worldview arising from the Protestant ethic that forms the basis for a capitalist society. In contrast to the prior ethic of the feudal state in which the accumulation of wealth was a basis of self worth and separation of nobility from peasantry led to inefficient economic practices, the unique disposition of the Puritan ethic toward hard work, frugal living, a disposition toward equal opportunity for all men, and disciplined saving, founded on a strong theistic worldview, created the essential framework for capitalism. Weber elaborates:

When the limitation of consumption is combined with this release of acquisitive activity, the inevitable practical result is obvious: accumulation of capital through ascetic compulsion to save. The restraints which were imposed upon the consumption of wealth naturally served to increase it by making possible the productive investment of capital (Weber 1930, 1958, 172).

Jackall further amplifies:

This pragmatic bourgeois ethic, with its imperatives for self-reliance, hard work, frugality, and rational planning, and its clear definition of success and failure, came to dominate a whole historical epoch in the

West, even in time among sectors of the middle class that eschewed classical Protestant theology as such (1989, 8).

But the Protestant ethic's emphasis on wealth building also turned out to be the Achilles heel for its spiritual basis. Because the Protestant conceptualization of wealth as a gift from God associated the successful individual with God's blessings, it placed increasing attention on the things of the world. In describing the monumental impact of the ethic on the West, Jackall also relates what Weber saw as a genetic flaw in the progression of the ethic:

The accumulation of wealth that the original Protestant ethic made possible gradually stripped away its religious basis, especially among the rising middle class that benefited from it....In the mainstream of an emerging urban America, the ethic had become secularized into the work ethic, rugged individualism, and especially the success ethic...by the beginning of this century, among most of the economically successful, frugality had become an aberration, conspicuous consumption in varying degrees the norm (1989, 8-9).

Weber suggested that the Puritans were aware of the potential for problems:

To be sure, these Puritanical ideals tended to give way under excessive pressure from the temptations of wealth, as the Puritans themselves knew very well...it was the same fate which again and again befell the predecessor of this worldly asceticism, the monastic asceticism of the Middle Ages...when rational economic activity had worked out its full effects by strict regulation of conduct and limitation

of consumption, the wealth accumulated either succumbed directly to the nobility, as in the time before the Reformation, or monastic discipline threatened to break down, and one of the numerous reformations became necessary...In fact the whole history of monasticism is in a certain sense the history of a continual struggle with the problem of the secularizing influence of wealth. The same is true on a grand scale of the worldly asceticism of Puritanism...the leaders of these ascetic movements understood the seemingly paradoxical relationships...[quoting the Puritan John Westley:] "I fear, wherever riches have increased, the essence of religion has decreased in the same proportion. Therefore I do not see how it is possible, in the nature of things, for any revival of true religion to continue long. For religion must necessarily produce both industry and frugality, and these cannot but produce riches. But as riches increase, so will pride, anger, and love of the world in all its branches..." (1930, 1958, 175).

While the elements of saving and investment were diminished with the rise of consumerism, Jackall posits however that the core of the ethic—namely, self-reliance, unremitting devotion to work, and a moral value of just rewards for work well done—survived secularization. Yet, with the rise of modern bureaucracy, further modifications occurred. Advances in production and distribution stimulated the development of elaborate reporting structures, administrative hierarchies, standardized work procedures, regularized time schedules, uniform policies, and most fundamentally, centralized control. Within a relatively short period, capitalist economies were effectively bureaucratized. In his description of the American

evolution of bureaucracy, Jackall emphasizes how the operation of a bureaucracy differs from Weber's ideal bureaucracy. He explains that:

The actual workings of American bureaucracy differ, in important respects, from the classical notion of the phenomenon as articulated by Max Weber. Weber constructed a formal model of bureaucracy based to some extent on his perception of the Prussian state apparatus. In its pure form, bureaucracy is characterized by a kind of legalistic objectivity, by close attention to details and to orders, by an adherence to standardized procedures, by thorough written documentation of daily business in well-maintained files, by impartial and fair treatment under law, by a consequent impersonality, and by a separation of offices from persons. Ideally, the very rationality of such a bureaucracy produces greater efficiency. The model still guides much of the research in organizational theory. And, of course, all modern bureaucracies incorporate to some degree these ideal features. Indeed, certain American bureaucracies, like civil service and some professional schools dedicated to advanced specialized training, approximate Weber's Prussian model... But bureaucratic impersonality in its pure form lacks affinity with the American character. Our frontier experience emphasized individualistic solutions to problems, even if they were illegal; in any event, the law was often remote. The millions of immigrants who later flooded into the nation's expanding cities were mostly of peasant origins; with the possible exception of the Irish, they were not attracted to the formalities of the bureaucratic milieu. Moreover, big city bosses based their quasifeudal regimes on personal loyalty and on the delivery of personal services. By the time American corporations began to bureaucratize, they instituted as a matter of course many of the features of personal loyalty, favoritism, informality, and nonlegality that marked crucial

aspects of the American historical experience. The kind of bureaucracy that developed in America, especially in the corporations but even in the higher reaches of government, was a hybrid; it incorporated many structural features of the pure form of bureaucracy but it also resembled patrimonial bureaucracy... Patrimonial bureaucracy was the organizational form of the courts of kings and princes. There, personal loyalty was the norm, not the loyalty to an office. In a patrimonial bureaucracy, one survives and flourishes by currying favor with powerful officials up the line who stand close to the ruler. It is a system marked by patronage and by intrigues and conspiracies among various factions to gain the favor of the ruler and the perquisites that accompany his good grace (1989, 11).

4.3 THE MORALITY OF CORPORATE MANAGERS

The morality of corporate managers is difficult to judge. Part of this is no doubt a result of the efforts of managers to appear impartial, competent and rational. The organization literature is plentiful with models of leadership and management and, as a rule, espouses the values and necessity of leading with integrity and firm, reputable character. In the field, mission statements, core values, strategic integrity and the like often include moral or ethical themes. Yet, on the ground level, employees and managers often experience a different world than that depicted in pictures, slogans and banners.

The challenge of finding objective and non-prescriptive information on managerial ethos makes Jackall's work in *Moral Mazes* valuable. His extensive study of managers in several corporations (including textiles, chemical, financial,

public relations, and nuclear power) over many years has produced an invaluable contribution toward understanding the moral “rules-in-use” that managers construct to guide their behavior at work. Rather than a prescriptive presentation of ethical constructions, Jackall, as objectively as possible, examines the actual evaluative rules and conceptualizations of right and wrong behavior that managers create and follow in the workplace as they move through the labyrinth of career progression and interact with their superiors, peers and subordinates.

Jackall views the ethos of American managers as emerging from a patrimonial bureaucracy in distinct contrast to the Protestant ethic. The Protestant ethic, according to Jackall, was a social construction of the world that fostered an individual-oriented, propertied, social class. The members of this class extolled the merits of accumulation and reinvesting of wealth in a property-oriented society coupled with a strong sense of property stewardship. In this framework, the integrity of a handshake and of a promise formed the basis of business relationships.

Regarding this ideology Jackall notes:

Perhaps most important, it was connected to a predictable economy of salvation—that is, hard work will lead to success, which is a sign of election by God, a taken for granted notion also containing its own theodicy to explain the misery of those who so not make it in this world. This economy of salvation was, in my view, the decisive conscious meaning of the ideology, a meaning that linked even antagonistic segments of the old middle class. At the core of the middle class’s righteousness...was the conviction that hard work necessarily had its

just rewards here and now as a token of divine favor in the hereafter (1989, 191).

Central to this worldview, Jackall believes, was guilt. In his view, the “need” to avoid or minimize guilt motivated people to fulfill obligations. A failure to deliver on one’s promises was equivalent to sinning against God.

The bureaucratic organization, in Jackall’s assessment, eliminates the religious and symbolic essence of the Protestant ethic and separates its principal features: “property ownership from control, social independence from occupation, substance from appearances, action from responsibility, obligation from guilt, language from meaning, and notions of truth from reality.” More importantly, bureaucracy breaks “the older connection between the meaning of work and salvation.” According to Jackall:

In the bureaucratic world, one’s success, one’s sign of election, no longer depends on an inscrutable God, but on the capriciousness of one’s superiors and the market; and one achieves economic salvation to the extent that one pleases and submits to new gods, that is, one’s bosses and the exigencies of an impersonal market... In this way, because moral choices are inextricably tied to personal fates, bureaucracy erodes internal and even external standards of morality not only in matters of individual success and failure but in all the issues that managers face in their daily work. Bureaucracy makes its own internal rules and social context the principal moral gauges for action (1989, 192).

Jackall's frank condemnation of management morality in the modern organization was initially a bit shocking to me. But Jackall's research carries considerable legitimacy. His non-prescriptive, academic approach with years of field work covering multiple industries and corporations is clean and direct and Jackall seems to be able to cut directly to the heart of matters. It is also interesting to me in the sense that Jackall has found, in sordid detail, what I have experienced first hand (i.e., that things in organizations are not always as rosy and rational as projected on the surface). Contrary to the public face that every viable organization projects and the bulk of management and leadership literature espouses, Jackall's raw facts and candid revelation of manager motives paints a squalid picture of the real corporate world. And it resonates with some of my own observations of the management ethos over the years. It is as though Jackall raised a veil and exposed what insiders knew but left unsaid in organizational life. This is knowledge that usually dwells just below consciousness, in the realm of underlying assumptions; often creating a cynicism and bleakness among employees.

In a sense, the organizational ethos presented in *Moral Mazes* suggests that there is no absolute morality at the core of bureaucracy. As Jackall points out, bureaucratic work causes people to "bracket" the "moralities they may hold outside of the workplace and follow the prevailing morality of the particular organizational situation." This is distinctly highlighted in a quote that Jackall cites from a former vice president of a large firm:

“What is right in the corporation is not what is right in a man’s home or in his church. What is right in the corporation is what the guy above you wants from you. That’s what morality is in the corporation” (1989, 109).³

This idea of moral bracketing was the subject of discussion at a panel discussion entitled “Moral Leadership” at the Kennedy School of Government at Harvard University in October of 2003.⁴ In particular, panel members were asked by a member of the audience whether a person could have one set of morals privately that differed from their morality in business. While the panel members initially hesitated to respond, Daniel Vasella (CEO of Novartis Corporation) offered his opinion that the two were definitely separable, and, in fact, must be kept separate. He offered an example of a mid-level manager at Novartis that had an affair with his secretary. The incident became quite visible in the company and raised issues of managerial integrity among employees. Vasella said he talked with the manager about his actions and found him to be indignant that he was under scrutiny. The manager did not see anything wrong in his actions. Vasella said that he fired the manager on grounds of his insensitivity to conflict of interest in his office. But Vasella emphasized that he did not care about the man’s infidelity to his wife

³ This is a case of a vice-president of finance who, after discovering and trying to correct numerous financial discrepancies in his firm, was fired. The contrast that Jackall brings out is that the Vice President could not adjust to the contingent moral framework within his organization because, unlike the other managers, he was highly conscientious to his professional moral code and inflexible in the context of the exigencies of the firm (1989, 105-112).

⁴ This was a forum on moral leadership at The Center for Public Leadership of Harvard-KSG. The panel members were: Charles Handy, Sidney Harman, Wendy Kopp, Ann Richards, Daniel Vasella, and David Gergen (moderator).

because that was his own business. Vasella apparently had no issue with the manager's conduct had the women not worked for him.

Ann Richards, another member of the panel, was quick to say that Vasella should have fired the manager on the grounds of having the affair because it was "not right." Her view was absolutist, not situational. I asked Richards after the forum if, based on her assessment of what should have been done, would she have fired Bill Clinton. Her reply was that you do not impeach a President. I then asked if she felt that her judgment of the manager was then "relative" based on position or stature. To this her answer was again "you do not impeach a President." When I told her I was confused on how to determine the moral criteria of her statement, she switched gears and told me that she has learned over the years that "all men are that way."

Jackall's research would predict both Richard's and Vasella's responses. More generally Jackall's work is worth detailing because of its depth and breadth in unpacking the social psychology of managers and the myriad of moral dilemmas that occur in organizational life. Five of his key points follow. I have chosen these because I believe they illustrate most succinctly the current state of bureaucratic morality.

- **Patrimonial Structure:** Although a projection of systematic functionality, bureaucratic structure is essentially designed to serve the highest levels of

authority, providing power, privilege and reward, creating a fiefdom of middle management vying for the favor of the chief executive officer. As Jackal says:

Bureaucratic work shapes people's consciousness in decisive ways. Among other things, it regularizes people's experiences of time and indeed routinizes their lives by engaging them on a daily basis in rational, socially approved, purposive action; it brings them into daily proximity with and subordination to authority, creating in the process upward-looking stances that have decisive social and psychological consequences; it places a premium on a functionally rational, pragmatic habit of mind that seeks specific goals; and it creates subtle measures of prestige and an elaborate status hierarchy that, in addition to fostering an intense competition for status, also makes the rules, procedures, social contexts, and protocol of an organization paramount psychological and behavioral guides...Managers do not generally discuss ethics, morality, or moral rules-in-use in a direct way with each other, except perhaps in seminars organized by ethicists. Such seminars, however, are unusual and, when they do occur, are often strained, artificial, and often confusing even to managers since they frequently become occasions for the solemn public invocation, particularly by high-ranking-managers, of conventional moralities ...what matters...are the moral rules-in-use fashioned in the personal and structural constraints of one's organization...these rules may vary sharply depending on various factors, such as proximity to the market, line or staff responsibilities, or one's position in a hierarchy. Actual organizational moralities are thus contextual, situational, highly specific, and, most often, unarticulated (1989, 6).

- **Dog-Eat-Dog Managerial Ethic:** Although cloaked in a framework of rationality, efficiency, values-driven and ethically conceived, the organization is actually guided by a system of ambiguous and shifting managerial

relationships based on competitive and self-serving actions. The name of the game is to individually advance in the organization and garner increasing prestige. Jackall notes:

Managers thus experience the corporation as an intricate matrix of rival and often intersecting managerial circles. The principle goal of each group is its own survival, of each person his own advancement. As one rises in the organization, one necessarily spends more and more time maintaining networks and alliances precisely in order to survive and flourish, a skill that, when well-developed, is usually called leadership. The unintended social consequence of this maelstrom of competition and ambition is the public social order that the corporation presents to the world (1989, 193).

- **Lack of Accountability as a Function of Manager Seniority:** Segmentation of tasks and authority at lower levels, contrary to notions of logical command and control, works to protect senior manager's accountability for error by breaking tracking lines for decisions and providing an organizational schema for blaming lower level managers, employees, groups, or market forces for poor results. The ability to avoid blame and outrun mistakes are important attributes for a promising and rising manager to possess. As Jackall says:

It is characteristic of this authority system that details are pushed down and credit is pulled up. Superiors do not like to give detailed instructions to subordinates. The official reason for this is to maximize subordinates' autonomy. The underlying reason is...[it] protects the privilege of authority to declare that a mistake has been made...[and] pushing details down relieves superiors of the burden of too much knowledge, particularly guilty knowledge (1989, 20).

Although managers see few defenses against being caught in the wrong place at the wrong time except constant wariness and perhaps being shrewd enough to declare the ineptitude of one's predecessor on first taking a job, they do see safeguards against suffering the consequences of their own errors. Most important, they can "outrun their mistakes" so that when blame-time arrives, the burden will fall on someone else. At the institutional level, the absence of any system for tracking responsibility here becomes crucial... Some managers argue that outrunning mistakes is the real meaning of "being on the fast track," the real key to managerial success (1989, 90).

- **Contingency and Exigency Drive Morality:** Moral frameworks in organizations are always contingent on issues that are the most exigent at any given time. While preserving a public image of consistency of moral views, managers are actually operating from a rules-in-use modality that is a function of exigency as perceived by the senior-most manager. The managers that do best in organizational cultures are those who have the most flexible moral frameworks. Again, Jackall:

Work—bureaucratic work in particular—poses a series of intractable dilemmas that often demand compromises with traditional moral beliefs. Men and women in positions of authority, like managers, face these dilemmas and compromises in particularly pointed ways. By analyzing the kind of ethic bureaucracy produces in managers, one can begin to understand how bureaucracy shapes actual morality in our society as a whole... The moral dilemmas posed by bureaucratic work are in fact, pervasive, taken for granted, and, at the same time, regularly denied. Managers do, however, continually assess their decisions, their organizational milieux, and especially each other to

ascertain which moral rules-in-use apply in given situations. Such assessments are always complex and most often intuitive. Essentially, managers try to gauge whether they feel “comfortable” with proposed resolutions to specific problems, a task that always involves an assessment of others’ organizational morality and a reckoning of the practical organizational and market exigencies at hand. The notion of comfort has many meanings. When applied to other persons, the idea of comfort is an intuitive measure managers often find troubling, ambiguous, and anxiety-laden. Such assessment of others’ organizational morality is a crucial aspect of a more general set of probations that are intrinsic to managerial work (1989, 12-13).

- **Shifting Moral Beliefs:** Managers are, according to Jackall, continually “looking up and looking around” to assess what moral prescriptions are operating. These are the prescriptions they will adopt. Again, the underlying assumption is one of moral flexibility. Manager’s look for cues from other managers as to what types of moral criteria help them fit into the right circles. Those who do not adapt are generally ostracized and edged out or marginalized. Jackall explains:

Within such crucibles, managers are continually tested even as they continually test others. They turn to each other for moral cues for behavior and come to fashion specific situational moralities for specific significant others in their world. But the guidance that they receive from each other is as profoundly ambiguous as the social structure of the corporation. What matters in the bureaucratic world is not what a person is but how closely his many personae mesh with the organizational ideal; not his acuity in perceiving falsity or errors but his adeptness at protecting other; not his talent, his abilities, or his hard

work, but how these are harnessed with proper protocol to address the particular exigencies that face his organization; not what he believes or says but how well he has mastered the ideologies and rhetorics that serve his corporation; not what he stands for but whom he stands with in the labyrinths of his organization...In short the bureaucracy creates for managers a Calvinist world without a Calvinist God, a world marked with the same profound anxiety that characterized the old Protestant ethic but one stripped of that ideology's comforting illusions. Bureaucracy poses for managers an intricate set of moral mazes that are paradigmatic of the quandaries of public life in our social order. Within this framework, the puzzle for many individual managers becomes: How does one act in such a world and maintain a sense of personal integrity (1989, 193-194).

In a milieu of moral contingency and shifting bureaucratic alliances, exchange of personal favors and dispensation of patronage are paramount in achieving high positions in organizations. Jackall notes that "notions of fairness or equity that managers might privately hold, as measures of gauging the worth of their own work, become merely quaint" (p. 198). He adds that the manager "fluctuates between a frustrated resentment at what seems to be a kind of institutionalized corruption and systematic attempts to make oneself a beneficiary of the system" (p. 198).

Continuing in his description of long term effects on managers, Jackall suggests:

...managers at every level face puzzles about the overall meaning of their work in a business civilization in which the old notion of stewardship has been lost and in which work in business is alternately regarded with at times adulation, at times tolerant condescension, and at times outright suspicion. Sooner or later, most managers realize, as Thorstein Veblen did many years ago, that there are no intrinsic

connections between the good of a particular corporation, the good of an individual manager, and the common weal. Stories are legion among managers about corporations that 'devour' individual's, 'plunder' the public, and succeed extravagantly; about individual managers whose predatory stances toward their fellows, their organizations, and society itself only further propel their skyrocketing careers; about individual managers desiring to harness the great resources of private enterprise and address social ills only to end up disillusioned by their colleagues' attention to exigencies; and about corporations that have espoused noble public goals only to founder in competitive markets and endanger the occupational security of their employees by failing to concentrate on the bottom line (1989, 198).

The continual adaptation and compromise to the kaleidoscopic moral frameworks experienced in organizational life give rise to a kind of survival-of-the-fittest world in management where the key survival skill turns out to be the capacity for self rationalization. But self-rationalization does not come without discomfort and discontent requiring a remedial discipline of "psychic asceticism." Jackall explains:

...a willingness to discipline the self, to thwart one's impulses, to stifle spontaneity in favor of control, to conceal emotion and intent, and to objectify the self with the same kind of calculating functional rationality that one brings to the packing of any commodity. Moreover, such dispassionate objectification of the self frames and paces the rational objectification of circumstances and people that alertness to expediency demands. In its asceticism, self-rationalization curiously parallels the methodical subjection to God's will that old Protestant ethic counseled. But instead of the satisfaction of believing that one is acquiring old-time moral virtues, one becomes a master at

manipulating personae; instead of making oneself into an instrument of God's will to accomplish His work in this world, one becomes, variously, a boss's "hammer," a tough guy who never blinks at hard decisions, or perhaps, if all goes very well, an "industrial statesman," a leader with vision (1989, 203).

What Jackall describes as the codes of management are similar to what Schein (1992) called underlying assumptions that describe an organizational culture. They are present but undiscussed (and undiscussable). They are deep and have direct influence on behavior. Moreover, if we take Jackall's description to be general, it would seem that a bureaucratic culture is widespread and moral relativism is the norm in the corporate world.

4.4 MORAL CODES AND EXECUTIVE FUNCTION

While Jackall's perspective provides an extraordinary look behind the veil of modern organizational management, a useful counter-position is found in the classic perspective of Chester Barnard (1938). The contrast between Jackall and Barnard is stark. But I will argue that the contrast is useful.

In *The Functions of the Executive*, Barnard suggests that one of the chief duties of the executive is to establish and promote a moral standard (or what he calls the "moral factor") for behavior and action throughout the organization. The executive should inculcate a moral philosophy among all members of the organization. This, he believes, is a core function of the executive because it produces faith among organizational members. Faith is necessary for cooperative efforts toward the

achievement of the goals of the organization. Because of the increased complexities of organizations, Barnard argues that effective executives are those who have superior personal attributes and can thus model moral behavior. He says:

It is the aspect of individual superiority in determination, persistence, endurance, courage; that which determines the quality of action; which often is inferred from what is not done, from abstention; which commands respect, reverence. It is the aspect of leadership we commonly imply in the word "responsibility," the quality which gives dependability and determination to human conduct, and foresight and ideality to purpose (1938, 260).

He defines morals as:

...personal forces or propensities of a general and stable character in individuals which tend to inhibit, control, or modify inconsistent immediate specific desires, impulses, or interests, and to intensify those which are consistent with such propensities. This tendency to inhibit, control, or modify inconsistent and to reinforce consistent immediate desires, impulses, or interests is a matter of sentiment, feeling, emotion, internal compulsion, rather than one of rational processes or deliberation, although in many instances such tendencies are subject to rationalization and occasionally to logical processes. When the tendency is strong and stable there exists a condition of responsibility (1938, 261).

Barnard describes individuals as having various private moral codes that comprise their character; although he emphasizes that morals cannot, by definition,

be a private code. Morals are prescriptions for behavior that are derived from accumulated influences and can only be inferred from conduct in always particular conditions. According to Barnard, morals are derived from various forces external to the individual such as:

- Supernatural origin
- Social environment
- Experience of the physical environment
- Technological practice or habit

He explains that:

...the conduct of every man is in part governed by several private moral codes. What these are determines his moral status, which may be simple or complex, high or low, comprehensive or narrow...Responsibility, as I define it for present purposes, is the power of a particular private code of morals to control the conduct of the individual in the presence of strong contrary desires or impulses (1938, 262-263).

In his framework, moral responsibility can be measured by the capacity of the individual to resolve conflicts between moral prescriptions that are of near equal validity. Barnard identifies three possible actions in an equi-code conflict:

1. **Paralysis of action** is accompanied with emotional tension and ends in a sense of frustration, blockade, uncertainty, or in loss of decisiveness and lack of confidence.

2. **Conformance to one code and violation of the other** results in a sense of guilt, discomfort, dissatisfaction, or a loss of self-respect. If repeated often, the violated code will eventually be destroyed unless it is very powerful and kept alive by continuing external influences.
3. **Substitute action** which satisfies one code while conforming to all other codes. While this action is strengthening to all codes, it usually requires imaginative and constructive abilities.

While private codes may vary among individuals, those that are common among the majority of people are most likely to be recognized as "morals," (i.e., the public code). Barnard makes explicit that "in the United States generally only that code or codes which derive from or are inculcated by the Christian churches may be considered *the* moral code or codes" (p. 265). Barnard further differentiates people that have varying levels of conviction in their moral codes. He relates this to responsibility, i.e., "the property of an individual by which whatever morality exists in him becomes effective in conduct" (p. 266). Because moral codes are derived from various sources, the number of codes increases with the number of organizations a person is affiliated with. As the number of codes increase, so does the probability of code conflict. He says that "conflict appears to be a product of moral complexity and physical and social activity" (p. 271). Further, people of who are low in capability or weak in responsibility are ill-equipped to handle simultaneous obligations of different types. "If they are 'overloaded,' either ability, responsibility, or morality, or all three,

will be destroyed” (p. 272). He claims that executive positions are characterized by a complex morality and a high level of responsibility.

Contrary to the position of the Kennedy School panelists I mentioned earlier, Barnard believes that “*a man cannot divorce his official or professional conduct from his private morals*” (1938, 274). He claims that in situations where personal and professional morality conflict, resignation is often a legitimate action in order to maintain personal integrity. When it is not possible to leave or find substitute action there is potential tragedy.

Barnard says that in addition to a substantial increase of moral complexity (due to attention given to a wider distribution of problems) and high levels of responsibility, the executive has the additional task (a primary function) of *creating* moral codes and establishing conditions such that these codes can be observed and met. Responsibility requires, in his view, moral codes—that protect the individual from immediate impulse, inconsistency, base desire and self-interest. From meeting such codes, comes dependability. Thus others have a sense of “knowing a man’s codes” from which a reasonable measure of predictability is possible.

Barnard’s view on leadership morality is best summarized in the following excerpts:

The distinguishing mark of the executive responsibility is that it requires not merely conformance to a complex code of morals but also

the creation of moral codes for others. The most generally recognized aspect of this function is called securing, creating, inspiring of “morale” in an organization. This is the process of inculcating points of view, fundamental attitudes, loyalties, to the organization or cooperative system, and to the system of objective authority, that will result in subordinating individual interest and the minor dictates of personal codes to the good of the cooperative whole (p. 279)...Organizations endure, however, in proportion to the breadth of the morality by which they are governed. This is only to say foresight, long purposes, high ideals, are the basis for the persistence of cooperation...Thus the endurance of organization depends upon the quality of leadership; and that quality derives from the breadth of the morality upon which it rests...A low morality will not sustain leadership long, its influence quickly vanishes, it cannot produce its own succession...the creation of organization morality is the spirit that overcomes the centrifugal forces of individual interests or motives (p. 282-283).

Barnard is convinced that the executive must be accountable for the success (or failure) of the organization. Such success rests on his or her personal morals and his or her effectiveness in creating a similar moral sensibility in others. This emphasis on accountability is reflected in the writing of Elliott Jacques (2002), a student of Barnard:

CEOs must know that the nature of accountability and authority in their hierarchical managerial organization is undoubtedly one of the most important questions, and at the same time one of the most vexed and perplexing questions, about them. The importance is unquestionable because accountability and authority are at the very heart of all relationships between people. Managerial hierarchies gain their

success or failure through the success or failure of the working relationships between and among their people... The reason that accountability and authority are so basic to all relationships between people is that they establish where people stand with each other. They determine who is able to say what kinds of things to whom, and who under given circumstances must say what to whom. Even more, they establish who can get who to do what, especially, as in the managerial hierarchy, if one person is being held accountable for what another person does or for the results of what the other person does... These issues inform the nature of appropriate behavior in all contacts between people. The knowledge of what to do and how to behave in most situations is deeply embedded and brought out through experience that begins with admonitions and training in early childhood: how to behave with parents, with siblings, with teachers, in the playground; and then up into ordinary everyday behaviors which vary in the wide range of different kinds of adult contact ... In view of the supreme importance of these vertical and horizontal relationships in the managerial hierarchy, it might have been thought that the content and context of accountability and authority would have been well formulated and well understood by CEOs and senior executives, and the subject of clear and consistent teaching in our business schools. In fact, just the opposite is the case (2002, 29-30).

4.5 SUMMARY

This chapter has examined the morality of leaders who were defined as those managers who have formal authority and power. Max Weber's views of the influence of the Protestant ethic in the early development of capitalism were examined as well as Jackall's views regarding the peculiar development of American

corporate bureaucracy. Jackall provides a sobering contrast to Weber's views of an earlier era that was centered on a salvation economy. Moral flexibility is the reality of the managers Jackall studies.

Barnard, echoing the assumptions of the early Protestant ethic, believed executives are responsible for their own moral choices and also for those of others in the organization. Barnard believes that success of the organization depends on how well an executive performs in this function.

The comparison of the views of Barnard and Jackall on management is useful because it vividly captures the dilemma business leaders face today. Barnard's idealization of the leader seems to be something that followers and leaders wish were true. As Kant, Hume and many of the other moral philosophers presented in the previous chapter have noted, people do have a sense of what a proper moral order means. They are aware when it is lacking. But, as Jackall points out, leaders rarely live up to what they espouse and, thus, the moral flexibility of managers is a problem. Such flexibility means that managers behave inconsistently. And, while they expect to be treated fairly by others, they are too often unwilling to be held to the same standard themselves.

The higher complexity of moral decision making that Barnard says accompanies executive roles in organizations requires a higher stage of moral development of the sort that Kohlberg describes. A manager with inadequate or "incomplete" moral

development, in Barnard's view, would not be prepared for the high organizational positions. This suggests a need for developing and testing the moral competency of managers as part of their professional developmental programs.

There is a non-linear inverse relationship, in my view, between an individual's moral flexibility and their perceived accountability to a moral standard. I have developed a model for this which I present in Chapter Six. The model is a way to synthesize many of the ideas covered in this chapter.

In the next chapter I look at the managerial work world as seen by several managers. The material is based on interviews designed to explore the underlying cultural assumptions, moral philosophy, and codes of conduct that practicing managers believe to be characteristic of the organizations in which they work. Although the interviews are few, there are common themes to be discerned.

CHAPTER 5: INDIVIDUAL PERSPECTIVES ON ETHICS AND VALUES IN ORGANIZATIONS

5.1 INTRODUCTION

In this chapter the moral and ethical perspectives of individuals in several organizations are examined. The purpose of administering several interviews was to collect samples of the moral and ethical views and experiences of a few people in senior and middle management positions. While my familiarity with the defense industry gave me access to individuals in private and government defense organizations, I also interviewed a manager in the chemical industry and a professor in academia. The topics of organizational culture, relativism versus absoluteness, natural law, moral flexibility and moral codes in executive responsibility covered in previous chapters were helpful, I believe, in understanding my interviews. I conducted seven interviews of individuals that came from the following four United States organizations (all names are pseudonyms except for Professor Pounds of MIT):

1. **Accel Corporation**: A private defense-related firm specializing in high technology research and development and advanced analysis of military and defense systems. Two interviews were conducted in this organization.
2. **Amplus Group**: A large Federal Government defense organization specializing in research, development, test and evaluation of advanced military systems. Three interviews were conducted in this organization.

3. **Auctor Corporation**: A large chemical firm developing and producing household products. One interview was conducted in this organization.
4. **Massachusetts Institute of Technology**: Professor Pounds, former Dean and now a professor in the Sloan School of Management was interviewed.

The interviewees were selected on the basis of their position and influence in the organization. The President of Accel and Senior Executive of Amplus were selected to provide direct experience from an executive manager level. These interviews were face-to-face and conducted in January of 2004 at the Accel and Amplus sites respectively. The Senior Scientist's of Accel and the Senior Scientist and Middle Manager of Amplus were interviewed in January 2004 at their respective sites to provide a perspective on moral leadership from the professional "middle" of the organization. The Senior Manager of Auctor was interviewed by phone in April of 2004 to provide input on a particular—but familiar—ethical dilemma in his organization. Professor Pounds was interviewed face-to-face at the MIT Sloan School in April 2004 to provide an academic perspective on my interests as well as representing a board level view of ethics and morality in organizational life.

5.1.1 INTERVIEW PROCESS

The purpose of these interviews was to collect data on the moral and ethical values of individuals in several organizational settings. It was further desired to gain insights from these individuals on their perceptions and experiences of the moral values of leaders and to learn how they felt their values affect their leadership style

and how they instill values among their followers. While a general protocol was used to guide the interview, in each case, the interview content migrated toward topics that seemed important to the interviewee. A copy of the interview protocol is presented in appendix A.

Interview questions included those on the individual's personal views of ethics and morality. At the beginning of each interview I explained the Schein model of organizational culture and emphasized my interest in using Schein's idea of underlying assumptions to discuss moral behavior and ethical frameworks of individuals in the organization. I was particularly interested in what the interviewee felt was the source of moral principles followed by those in the organization. We also discussed the approaches the interviewees felt were used by managers to maintain a moral culture in the organization and the types of ethical problems that have arisen in the past and how they were resolved. While the interviewees were all seemingly helpful and open (especially about their own moral philosophy), the limited time (interviews were typically two to three hours long, although one lasted almost seven hours), the sensitivity of the topics, and the small sample drawn in each organization makes it impossible to infer the "deep levels of ethical challenges faced by those in the organization.

5.2 ACCEL CORPORATION

5.2.1 INTRODUCTION

The Accel Corporation is a twenty four year-old west coast based research and development firm specializing in advanced technology development and analysis of military defense and homeland defense systems and strategies. It currently has seventy one employees and annual revenue of \$15M. The firm is privately held and offers a lucrative 401K pension plan, contributing 25% of employee's base salary (the legal limit). Accel's board of director's are composed of the founders (some of whom are presently retired) and a few senior managers. In the present governing structure, there is no Chief Executive Officer; the President presides effectively in this capacity.

For most of its history, Accel Corporation has followed a highly conservative growth strategy. It has remained small, i.e., about 40 employees. According to the President, the philosophy of the founders was to preserve a small collegiate research culture. The President said that the founders had all come from the same organization that had 'grown too large and become market-driven to the extent that the collegiate research culture had unacceptably eroded.' The low growth philosophy changed in recent years as the President and Board of Directors now look to grow annually by approximately 15%. This change is predicated on a concern about potential stagnation of mid-level employee advancement opportunities and about a changing customer base that makes reliance on few customers and narrow technology application segments risky.

5.2.2 PRESIDENT: DAN

The President of Accel Corporation, Dan, has been with the company for fifteen years, most of which was in the role of Senior Vice President for Advanced Technologies. As President for the past three years, he has been the major advocate for growth of the firm. He is in his mid-fifties, has a PhD in electrical engineering, and had fifteen years of research and management experience before joining Accel. Dan, who is apparently highly regarded by employees, managers, and the Board of Directors of the company, replaced a previous President who, while technically respected, was said by Dan during the interview to be disliked by many in the firm because of his “micromanaging style and oppressive interpersonal behavior.”⁵

Regarding the Organizational Culture of Accel Corporation:

Dan began our interview by saying he was intrigued by the Schein’s conceptualization of organizational culture, especially the idea of underlying assumptions, but was not previously familiar with the concepts. He also noted that in his view the President’s job is to sense what the underlying assumptions are in the organization and of individuals when interacting with them. He believes that understanding the underlying framework of each person is important in getting at the root of problems. He feels that he has wasted a lot time when there has been a misunderstanding of assumptions concerning issues that are important to people. Dan attributes the uniform and stable culture of Accel to “employee demographics”—

the most important being the educational backgrounds of the firm's employees (predominantly engineers and scientists). He believes that engineers and scientists tend to have a "similar mindset". He also recognizes the influence of the historically small size of the company and the centralized location and tight spatial layout which makes for high visibility and interaction among all employees. He notes that the casual atmosphere and general openness among employees and managers lends to "cultural harmony".

In some respects, Dan feels that cultural inertia characterizes Accel. He attributes this to 'old values and views of the founders' who all still sit on the board of directors. As mentioned, the founders worked to create a stable, collegiate corporate culture. Furthermore, the founders in Dan's view were fiscally conservative and thus generally not inclined to take risks. Office accommodations and conference rooms are adequate but not excessive. This the founders believed was appropriate because the majority of customers were from the Federal Government whose work spaces are also modest. Dan believes that this inertia has some positive effects in preserving good values but at the same time he believes it can be negative because it slows innovation. One of the challenges Dan says he now faces is "the inevitable dissociation" of people to the company as it continues to grow. To Dan the definition of a 'large business' is one in which 'the President does not know everyone.'

⁵ The appearance that Dan is generally highly regarded at Accel comes from comments made to me by several employees of Accel and from my interview with

Regarding Moral Values:

Personal Views:

On the question of moral right and wrong, Dan believes that they exist and that judgments about them are intrinsic to human nature. Although he is uncertain of the source of morality and whether or not it can be considered absolute, he is certain a sense of right and wrong is an attribute of human nature (his view seems similar to Kohlberg's observation of justice as an "inherent human characteristic"). As far as his own moral values are concerned, Dan believes that his parents were probably the most influential in shaping his values but he is not certain on how to completely explain the strong ethical framework that he believes underlies his view of the world. An espoused atheist, he does not link religion to his moral values.⁶ Although he grew up attending a Methodist church, his parents were not highly religious.⁷ One drawback to the idea of absolute moral values he mentioned is that business ethics in other countries are often different than in the United States; thus if moral values are absolute why are there other value sets?

the Accel Senior Scientist.

⁶ Dan mentioned that his views of morality may align most with the philosophy of Ayn Rand's objectivism which, he relayed, is framed on the idea that everyone must answer to themselves in terms of what is best from their perspective and act in ways that do not harm others. It also assumes that everyone else believes this as well.

⁷ Dan recalls that the Methodist church he went to spent little time teaching values, instead concentrating on history. They also seemed to him to be oriented toward money and Dan developed a cynicism toward the church during his childhood.

Dan described three primary influences on his ethical framework:

- **Parental** as mentioned above and, highly influenced by his father who had “a strong work ethic and sense of justice toward others.” Dan’s father was a fighter pilot in World War II (and strongly patriotic). He was a principal of the local primary school (which Dan attended).
- **Community** with “old fashioned American values” that were not questioned. He grew up in a mid-west small town where he felt there was a fairly uniform ethical framework among the population.
- **Rational Evaluation** in which reasonable reflection leads one to “obvious” ethical frameworks based on experiences of what works in life. Dan emphasized the idea of rationalizing the consequences of moral choices. He mentioned a theme used on the old television program “Howdy Doody” called “will my dog like me” that was used as a metaphoric reference for teaching moral issues. This theme, Dan feels, is a major influence on his personal moral development in that it identifies important moral anchors in his life, e.g., his parents (especially his father), his wife, and children. He says that part of the rationalization process includes running thought experiments on actions (e.g., taking drugs while in college) and then weighing the presumed benefits of the action against the consequences of what would be thought of one’s self by people who are important to them in their life, e.g., parents, wife, children, etc. On this basis, Dan believes that proper moral action is natural and fairly obvious.

Dan summarized his personal ethical and moral values as:

1. Don't hurt others: financially, mentally or physically. Dan mentioned that these are "things in the ten commandments."
2. Trust and respect people—give them their dignity (don't pre-bias your judgment of people).
3. Listen to opposing views.

Regarding differences in Dan's personal values versus business values, Dan says there is no difference except one: the value he says he places on technical excellence on the part of people that work at Accel. This is not a requirement for valuing people who do not work there. That is, outside of work Dan does not require people to have superior talent to value them (although he might not hire them to work in his organization).

Dan believes that the CEO has to live by a personal value system—"if business requires you to go at odds with your values, then you must leave. One's personal ethics must align with the business otherwise the person will lose it or have to quit."

Organizational Views:

While the founders of Accel were conservative in their growth strategy and intended to form a collegial and casual research environment, they were also highly committed to technical excellence which, for them, meant both technical competence and high integrity of research and reporting. Part of this ethic means

keeping highly confidential the analytic results produced for customers and to conducting objective research. This commitment to research integrity is core in the Accel culture Dan says. It has not changed. Dan relates that commitment to this ethical rule is so high that Accel has been willing to be fired by customers because their analysis did not reflect what the customer wanted to hear. Accel technical staff and management will not alter or revise their results to fall in line with what customers wish to hear. Accel management has also turned down projects when they believed the customer was vying for a particular (in Dan's view, "biased") answer.

Because Accel is highly recognized in some areas as a respected technical authority, having the firm's concurrence on a strategic position can be highly valuable to a customer. In Dan's experience, there are some defense-related companies that do change technical results (e.g., modifying a simulation analysis of a military campaign) to appease a customer. Dan is sure that Accel management and technical staff absolutely reject this practice. Periodically, technical staff (especially recognized national experts) will challenge the direction of an Accel analysis or a predisposition of a current or potential customer and this is considered part of the "technical excellence" culture that keeps Accel, in their view, recognized by customers as a premium research firm. This cultural attribute of empowering people to call a "time out" when they see trouble, is a key aspect of preventing value creep in Dan's view.

On becoming President, Dan made a few of what he regarded as cultural changes at Accel that he believes were healthy and necessary for continued growth. One of these was putting his beliefs, values, expectations and irritants in writing and providing them to all employees. This was based on practices he had heard about from a friend at Proctor and Gamble. At the same time it was countercultural to do this at Accel because the technical staff historically “did not deal with beliefs.” There was positive feedback after some review and thinking about Dan’s values by the staff. Dan’s list appears below:

I Believe:

- That people should be trusted, respected, and treated with dignity.
- Every individual is responsible for his or her own personal growth and development. The organization is responsible for providing the opportunities and the tools.
- The corporation should provide more tools than rules.
- People should stand up for what they believe in and should push until they get alignment and closure.
- That people should be empowered. Accel provides the goals; employees find the solutions and carry them out.
- That people should be willing to try new things and take risks.
- That failures are learning experiences.

I value and Admire:

- A sense of urgency
- Creativity
- Technical excellence
- Cooperation and teamwork
- Constructive criticism

- People with a passion for something
- People who will make decisions
- Tenacity
- Class acts
- A sense of humor and wit

I Expect:

- That Accel will put integrity, honesty, and technical excellence above all else.
- That if people do not understand something, they will ask until they get a satisfactory answer.
- That Accel will perform beyond the level that the client expects.
- To be kept informed; I do not like surprises.
- A positive, can-do attitude from everyone.
- Personal honesty and integrity.
- That people will work together. It is cooperation and teamwork (leveraging off of others) that allows Accel to grow and have a business advantage.

I Get Irritated By:

- Negativity
- Game playing
- Redundancy
- Carelessness
- Discussing things to death

Dan also administered a “values survey” to all employees to get feedback on what they felt was important. This was a new practice for the employees and Dan says it seemed to be well received. He says also it was useful to himself and senior management at Accel.

Another cultural change that Dan says he initiated was ending the prior practice of discussing the reasons for employee separation at company meetings where all employees were present. In the past, this was a common procedure even if an employee had left under negative circumstances. The practice had been considered an indication of “openness” in the company. Apparently, Dan had never agreed with this perspective, considering it disrespectful of the departing employee’s privacy and unprofessional. This was a personal moral value for Dan and, although he felt it was a deeply-rooted Accel cultural practice, he imposed change by not mentioning employee separations at meetings. While he was initially criticized for this as departing from the “old family-style” that the company had been built around, Dan felt that employees adjusted to the new practice swiftly and realized that Dan’s intent was to protect individual reputations.

Leadership Views:

One of Dan’s primary principals is the value he places on empowerment of people. He says “one of the principal downfalls of the previous (Accel) President was that he had to be in control of everything; he also was habitually taking all of the credit for things no matter who else was a contributor.” This, Dan believes, was a key flaw in his predecessor’s leadership approach. According to Dan, the prior President’s fundamental ethics were not really different than Dan’s except in one area: “He did not care about people.”

Dan believes that trust in the management staff is vital. If you have a manager you cannot trust, he says, you must get rid of him or her. Dan believes that fundamental ethics cannot be taught: “a person learns these through the experience of life.” If a person does not have the “right ethical framework”, personal and business, then they should not be on the team at Accel. There is room for differing opinions on many things but not in ethical areas like honesty, integrity and respect for others.

Dan says he likes to use stories to get across values. This is especially the case at the Monday morning all-hands meeting. This meeting is also his way of receiving feedback on a regular basis.

Generational Views:

Dan does not see extreme differences in values between young and older employees except in one area. The younger employees, he observes, tend to have a sense of entitlement for things that they did not earn, in contrast to older employees who seem to naturally assume that some things are gained by “paying one’s dues” (e.g., seniority for office space, furniture, promotion criteria, etc.). Although the differences are not a problem at Accel, they are, in his mind, evident and it makes Dan wonder about the assumptions the larger culture has been teaching children over the last few decades. He believes other values show little difference across generations because of the high standards in hiring that are practiced at Accel.

5.2.3 SENIOR SCIENTIST: BEN

Ben has been a senior scientist at Accel for about nine years. He is in his mid-fifties and has a BS in Physics and approximately thirty years of work experience in advanced defense and military research. Ben's personal moral framework is based on the assumption that moral standards are divinely sourced, they preexisted man but are discovered by each person and are absolute. He believes that ethical standards are vital to effective leadership. If leaders defer in the ethical area, according to Ben, they risk compromising all of their leadership abilities. He cited former Reagan drug czar William Bennett's gambling as an example. He felt Bennett had compromised himself, once having been a highly respected moral opinion leader, "he is not as highly regarded as he once was because of his ethical lapse." Ben also mentioned Bill Clinton and John Kennedy whose leadership attributes have been diminished in his eyes due to what he regards as "their poor ethical choices."

Ben's views of moral values at Accel reflect those of Dan. Ben illustrated the strong sense of values that have been with Accel since the founding with a story. Apparently, several years ago, a company analysis for a customer on military force structure appeared to an Accel employee to be skewed toward the customer. The analysis seemed to provide just what the customer wanted. The employee challenged the work and raised the concern that the company was abandoning its commitment to objective truth. After a careful corporate self-examination it was shown, to the employee's satisfaction, that the task had integrity. Ben's story also

highlights the strong underlying cultural assumption that values “objective truth.” The response of others in the organization to the challenge was therefore respected.

Ben also says that the Monday morning meeting is the locale in which the President propagates the ethos and values of the company, e.g., by telling people about how a particular customer values the integrity and quality of Accel results. This meeting is a communication forum. However, Ben says that there has been “a little misalignment in what the espoused values are versus what is actually in-use.” He notes that although open communication is espoused by the President for the purpose of information sharing, it does not always happen when circumstances are unfavorable. He provided an example of an employee that had been laid off and criticized Dan for withholding information about why he was dismissed. In prior years, Ben claims it would have been discussed. Now it is forbidden territory.

Moral Values from the Vietnam Era

I asked Ben if he had any examples of unethical experiences or ethical misalignments with his personal values and that of work. He said not at Accel but he had experienced this in the US Navy during the Vietnam era. I asked him to elaborate.

Ben said his first ethics lesson in the Navy was when he enlisted. He signed a pre-enlistment contract to become a dental technician. After he formally enlisted, the Navy changed his career code to a corpsman for which he received training and

then he was assigned to a US Marine combat detachment in Vietnam. Although Ben had challenged the change at time it was made, he was told by Navy officials that the contract he signed was made to a civilian but not to a service member. The Navy used Article 7 of the Uniform Code of Military Justice (UCMJ) to change the contract. He was told “the good of the Service overrides the good of the individual.” Ben said: “I then realized that although in America it is said we hold these truths to be self evident and that all men are created equal assumes a class-free culture; however, in the military the UCMJ sets up a class culture and a double jeopardy position.”

Ben’s Navy experiences also taught him that “a person can do anything they want in the Navy as long as they do not get caught.” He heard this phrase often from the Company Commander. In Vietnam, Ben learned the term “comsha” which means you do me a favor and I will do you a favor. This was the operating assumption for “how things get done.” The idea was to subvert bureaucracy to get things done; an attribute he says Americans are good at. His military experience taught him that there were two organizational structures: “the one of the bureaucratic bean counters and the other of expeditors.” This split in his view, often presented ethical dilemmas. A dynamic tension arises, he says, between formal and informal organizations.

5.2.4 SUMMARY

The moral perspectives of Dan and Ben are characterized by a strong sense of ethical values. While their views on the basis of moral standards are different (for Dan there is no absolute reference and for Ben moral standards are divinely sourced), they both believe that moral values are inherently known to individuals (hence, a form of “natural law”). They expect high ethical standards of everyone at Accel and they believe in the freedom to challenge any breach of ethics. The Accel culture aligns with the moral views of Dan and Ben which they believe has been the case since its founding and the basis for the organization’s success.

5.3 AMPLUS GROUP

5.3.1 INTRODUCTION

The Amplus Group is a large research, development, testing and evaluation (RDT&E) organization within the United States Department of Defense (DOD). It has a history of over fifty years dating back to the World War II era. It is, in essence, a department within a hierarchy of several layered DOD groups. Amplus is comprised of two major RDT&E centers located in two regions of the United States. Because of the role that Amplus plays in the development and delivery of advanced technology military systems, Amplus is considered by DOD to be a critical national asset.

Amplus has several thousand employees consisting of civil service, military, and contractor categories. While the range of skills is similar to what would be found in a

major Aerospace Defense corporation with a heavy concentration of scientists and engineers, Amplus also has major testing infrastructure. The organization controls outdoor ranges and indoor laboratories with capabilities for a wide spectrum of testing and evaluation of military systems. The organization engages in simulation and actual live-fire events that replicate as close as possible, short of actual combat, warfare scenarios capable of stressing the limits of the military systems in complex, realistic, joint operation. In addition to testing, Amplus provides direct technical support to operational military units worldwide in the use of its advanced military systems and assists these units with real-time strategies and tactics for military operations.

These various capabilities and missions make Amplus unique, requiring high levels of specialized technical knowledge. DOD structural changes have brought some changes in the Amplus organizational culture over the years but the dominant culture has been fairly stable. This stability is a result of both the relatively unchanging technical community that performs the day-to-day work for the military customers in each of the armed services and the steady influence of some of the prominent senior leaders that have led the organization.

My interviews in this organization were with three individuals: a senior executive of Amplus (Tom); a middle manager in the organization (Paul); and a technical expert in the organization (Sam). Tom emphasized the importance of moral values at Amplus in meeting the challenges of a changing DOD environment that is trying to

adapt to new threats to the security of the United States while it tries also to maintain a leading edge on military system technologies, reduce costs, and support accelerated military operations. Paul emphasizes the importance of the inherent military-oriented culture of Amplus in creating an environment that sustains moral values in the organization. Sam provides a historical view of leadership values in the organization.

5.3.2 SENIOR EXECUTIVE: TOM

Tom, has over thirty years service in the DOD. He began his career as a design and test engineer for advanced military weaponry and delivery platforms. He notes that his interest and abilities in leadership led him into program management and then progressively into higher levels of supervisory responsibility. Throughout his career, Tom has pursued learning opportunities including achieving a graduate degree in management from a prestigious university. He is currently a high ranking member of the Senior Executive Service at the highest level of the civil service. Tom, who is apparently respected among his peers and subordinates, is regarded as being unusually technically competent for a manager at his level and notably interested in people throughout Amplus and in other groups of the larger organization.⁸

⁸ I make these attributions on the basis of my own knowledge of Tom and through discussions with employees and senior leaders at Amplus.

Regarding the Organizational Culture of Amplus:

In reflecting on the Amplus organizational culture, Tom says that “overall the culture is fairly cohesive in both regions.” While his career has been predominantly in one organization, he says that the commonality of both regions is a result of the similar work and the presence of a common DOD culture. He believes industries tend to attract similar types of people and so too does the DOD in high technology fields. Over time, he notes, an integration of people’s individual values form the collective values which form the organizational culture. What most attracted Tom to DOD and what has kept him in the Department are the values of the organization. He feels they are aligned with his own values. He says that throughout his career he was never asked to lie and he was always expected to be competent. He feels this is also the experience of others around him. Although he believes that pressures from DOD to consolidate RDT&E infrastructure and reduce costs are bringing stress on the culture (particularly on upper management), the workforce and middle management culture thus far seem fairly stable to him and are still anchored in the “right values.” He sees these values as “dedication to honesty, integrity, providing the highest quality research, testing and analysis possible, and serving the military soldiers, sailors and airmen with the best of the organization’s knowledge, skills and abilities.”

Regarding Moral Values:

Moral values, for Tom, are a vital aspect of his personal make up. Anchored in religious faith, his values are based on absolute standards and represent his

character. He says his values are derived from his faith. He believes that similar moral values are possible from other frameworks. They simply “make sense” in his view. One metaphor Tom uses is that values act as a kind of “personal time constant.” He borrows this concept from system engineering and uses it to refer to how an individual responds to disruptive jolts in life. Weak values represent a “short time constant” that causes people to get rocked easily, whereas strong personal values have a “long time constant.” Ideally, a long time constant means a lifetime, Short time constants result in high stress, he says. He mentioned a friend whose son had recently been murdered as an example of a jolt that, without long time constant values, would completely destroy a person. He is not sure how people survive without strong values.

Tom summarized his personal values as:

- Keeping my promises
- Honesty
- Fairness to people and giving people what they are due
- Saying why not instead of why
- Valuing people as individuals
- Being open-minded (*this takes a strong element of humility he says*)
- Admitting when you are wrong (*and being able to say “I screwed up”*)

Organization and Leadership Views:

One of the main drivers of core values in the organization, Tom believes, is a general sense of dedication to the mission of supporting the military personnel. Although the organization is large and complex, a focus on the mission as opposed to the market, is a fundamental value. For the most part, Tom says, people are not motivated by money at Amplus as much as they are by the kind of work the organization provides and the impact it has for the defense on the United States. He also feels the organizational values are a major motivator for people at Amplus.

In Tom's view, organizational values generally take a long time to emerge, a decade or more. They are also fragile. They can be violated quickly and, when violated, cause turmoil. In recent years, in some areas of DOD, Tom has seen violations. His examples concern senior leaders whose actions are inconsistent with the moral values they espouse. It is difficult for a leader to engender trust in the organization if their actions do not line up with good values. It is, to Tom, important for senior leadership to consistently operate from a strong moral value framework. This enables them to keep the organization running well, particularly in times of rapid change. One of the areas that Tom sees as a challenge to strong organizational values is a larger change in society toward situational ethics. He sees American society as losing connection with "what is good and right." This, of course, is reflected by the workforce making it all the more important for managers to be committed to moral values and projecting them.

Tom believes that values do not creep. Instead, he says, “actions may creep.” He says that people may become confused. There are many factors that can give rise to such confusion such as personal fears and selfishness. These tend to mitigate a person’s responsibility to their values. He believes that those people who act inconsistently with the values they profess, have not performed a self examination. He says that “an organization with low values has high entropy.” By this he means there is conflict among employees, a wasting of energy and a higher turnover of employees than in organizations with high values. At the same time, this type of organization may be a business success. Yet, he thinks that, an organization with high values tends to have higher morale and less internal friction. But such an organization may also turn out to be a business failure.

Values, according to Tom, are an integral part of managing. A leader must be strong in projecting values. In his view, a person’s business values should not be different than their personal values. Tom does not believe in making lists of values, instead he prefers to emphasize them in action. He believes that daily actions of leaders are the most credible method to disseminate values.

Generational Views:

To Tom, the basic ethics of “right and wrong” are the same between generations at Amplus. This is attributable, in his view, to hiring practices and value assimilation. However, he feels that there are some differences in “work ethic” between generations. Whereas he believes that older employees have a legacy inherited

from their parents toward valuing work (at the expense of family), the younger employees do not have such a legacy. Instead the young employees seem to be as equally committed to family and community service. As Tom sees it, this is a result of changes in society. In his words, “we are letting go of some of the work ethic values of our grandparent’s generation.” The young employees are not as loyal to the organization to the extent that they will not sacrifice their family to work; they want their freedom and their own time. He also says that the younger employees seem to feel more entitled and expectant of advancement in the organization in a shorter period of time than the previous generation.

More broadly, Tom says that the pressures the 1960’s brought on American society were good but not the values of the 1960’s. He says that we needed to worry about the environment: “if we shit in our mess kit we have to live in it.” The sixties also awakened management to the importance of thinking about people in the organization. Tom says: “the Government has been good in setting standards of behavior in the workplace and good in teaching managers and employees how to live with them.”

5.3.3 MIDDLE MANAGER: PAUL

Paul is a middle manager in his mid-thirties. He is in charge of a group of engineers and technicians who design and operate technical systems that test the limits of military systems in a wide variety of realistic battle scenarios. It is fast paced and high stress work often involving millions of dollars to conduct a single

operational test. The quality and realism of systems that Paul's group employs is a vital component to these test operations.

Paul's view is that the military-oriented DOD promotes good moral values in the workforce. The organizational framework requires background investigations for clearances and numerous employment rules. Drug testing and polygraphy are familiar to those in the organization. In his mind, this means that people in the organization must have clear values. Employment requirements also include financial background investigations as well. The military emphasis on strict values has a long history in Paul's view and rests on the need for discipline.

Paul's core values include:

- Honesty
- Trustworthiness (*he says this is very important because of the knowledge-based nature of the work*)
- Reliability
- Honor
- Teamwork
- Personal sacrifice

Without these values, Paul believes, people would be killed or technology could be lost to groups that are unfriendly to the United States. While these values are also important outside of the military, in Paul's opinion, non-military organizations

normally do not have extensive background investigations and the associated prohibitions on a person's private life style.

Paul believes that the values he espouses do not have to be written down because the military nature of the work promotes them in the culture. Also, he is sure that honesty, integrity, and a strong work ethic are vital to attracting customers. The values are propagated through the nature of the work and therefore they need not be explicit or written down. Such values are an intrinsic aspect of the work. In recruiting and hiring, personal values are strong selection criteria. The security clearance requirements also amplifies this filtering process.

In regard to leadership, Paul feels that DOD leaders must have strong core values. There may be different styles of leadership but common values must hold across the organization. He notes that "the US military value structure is rooted in the Christian ethic." He illustrates this by saying the Uniform Code of Military Justice that regulates the moral behavior of military personnel has many prohibitions on action that seem derived from Biblical standards. Reflecting on what he regards as recent social trends, Paul sees private industry pushed by market pressures for growth whereas the military culture has, for the most part, remained fairly constant.

The core organizational values such as honesty, integrity, and reliability are not likely to change. In Paul's view, they are at the heart of what it takes to deliver the products and services to the customer. If value in the products and services is not

met, the customers (and the organization's funding) will quickly go away. Furthermore, testing operations are unforgiving. Poor quality in products and services, according to Paul, result from a lack of core values and would be exposed through failure on the test range. Feedback in this organizational world is immediate.

Another core value, as Paul sees it, is the "idealistic mindset of the common employee." This is particularly true for those closest to the military customers. This "mindset" to Paul is oriented to a greater societal good, a call for sacrifice and service, and a general loyalty to the mission of defense.

5.3.4 SENIOR SCIENTIST: SAM

Sam is a senior scientist in Amplus who has spent almost fifty years with the organization. Although Sam retired from government service ten years ago, because of his experience and expertise, he has been a technical consultant to Amplus since retirement. Sam provides an interesting perspective on leadership and organizational values since he has seen the organization operate under many styles of management across several eras. Sam is highly regarded for his moral values by colleagues from Amplus and from other firms based in the United and States and abroad.⁹

⁹ I make these attributions on the basis of my own knowledge of Sam from years of exposure to comments about Sam from his professional colleagues from firms around the world.

In general, Sam believes that values are based on reciprocity. The “Golden Rule” (G-Rule) is probably something that every reasonable person could agree to in Sam’s view. He says “if people could consistently treat others as they would want others to treat them, there would probably be harmony and happiness.” Sam feels, “it’s almost too simple.” But he says also that problems arise when a desire for power or money in individuals overrules the G-Rule. In the long run, however, he thinks those businesses that follow the G-Rule are the ones that survive. But, he cautions, this is not always immediately obvious because it usually takes time for the rewards that accrue from following the G-Rule to become manifest.

The most effective leaders that Sam has seen in the organization were those that were oriented toward “being a servant of the organization.” The least effective were those “with a dictatorial style who were driven by power and selfishness.” A servant leader is not necessarily weak or indecisive; in fact, in Sam’s view, they are decisive but tempered and act as though they are highly accountable to their constituency. They also act with an obvious sense and concern for fairness and display an interest in people. Moreover, Sam says that people tend to respond to the leader that personally makes sacrifices.

Sam has observed a change in the leadership style over the past fifty years in the organization. The transition seems to him to have begun during the seventies and has affected the values held by members. In the 1950’s and ‘60’s, the organizational philosophy was to have leaders tied to certain groups for long periods

of time. In this environment, Sam notes that a leader's values were tested and, if proven worthy, were absorbed in time by the members of the group. This created a strong sense of stability and confidence in the organization. People knew who the leaders were, they knew their character, and they knew their weaknesses. Leaders also knew the people in their portion of the organization. Some leaders were better than others but, Sam says, there was "a strength derived in knowing where people were coming from." Groups were associated with specific leaders. Often groups were referred to by the name of the leader, e.g., "Bob's group."

During the 1970's, Sam notes, DOD began experimenting with new management approaches, particularly "matrix management". In this approach, managers were rotated to different groups every few years and applied popular management approaches to leading. As managers rotated in and out of groups, there was no longer sufficient time for members of a group to learn much about them (and vice-versa). Groups were no longer identified with individual managers. It was a "plug-and-play" approach based on the assumption that good management was independent of specific functional capabilities of individuals or groups. As processes and organizational structures became the focus, less attention and interest was put on people. The organization became, according to Sam, more impersonal and people seemed to be viewed more as specific assets or fixtures.

As an example of the effect of the change on organizational behavior and effectiveness, Sam talked about two different managers that he knew. One of them,

Ed, represented the old style. The other, Phil, represented the new style. Ed, who had managed a group for over fourteen years, was characterized by values he openly espoused and enacted. He had a definite sense of right and wrong and acted on it. He tended to be frugal and courteous. Although the group did not grow in size much during his period, it was stable and functioned well. The members and customers of the group were confident about their purposes and goals. When Ed retired, Phil replaced him. While values were not evident in Phil's management style, his ego was quite evident. Although he pushed hard for new capabilities and upgrades in infrastructure, these efforts appeared to be more a benefit to his image than a help for group members or customers. There was no evidence that Phil had any integrity. He would tell customers that the group could do things that he knew they could not do. The burden then fell on the employees. Although new capabilities were implemented and revenues increased under Phil, his lack of values and large ego created chaos in the group. Even customers indicated a lack of trust for Phil. Several talented people left the group. Indeed the group came close to complete disintegration. Although upper management was informed of the problems by employees, they initially took no action. In the older organization, a manager who behaved with Phil's lack of integrity would have been quickly removed. The matrix organization was less sensitive to leadership problems. It was only when the entire group appeared to be ready to leave that upper management "rotated" Phil out and put in someone else. Sam reflected that the root of the problem seemed to be that while everyone knew what Ed would do, no one knew what Phil would do.

Sam notes that recently there seems to be a growing interest in the organization for espousing values (e.g., the popularity of mission statements). But he says implementing espoused values is not as simple as some seem to think. Values, for Sam, must be long lasting and based on noble things, not self serving slogans. Further complicating matters, Sam says, is a change in the assumptions about how to think of values. This, in his view, is a result of the “liberation our culture went through in the 60’s and 70’s.” While in prior years, people were comfortable to be told what is right and what is wrong, they are now required to work through a diverse set of viewpoints and decide on their own. Sam feels this is confusing since some move toward an understanding of truth, others move toward no truth. Both seem to Sam to be driven more by personal preference than rational thinking.

In the long run, Sam believes that in addition to being technically good, it is stability in a group that causes customers to return. Situational ethics are too variable to provide a sense of reliability. If customers cannot be sure how a business will treat them, they are not going to risk their money. According to Sam, good, enduring values are recognizable by anyone through the behavior of those in the organization toward its customers and through the confidence and sense of morale among the employees.

5.3.5 SUMMARY

The interviews in Amplus reflect a strong belief in moral values among all three interviewees. Although these interviews seem to indicate that the organizational

culture promotes a sense of moral values among members, Tom and Sam provided an example of ethical breach of a few managers's that they were aware of. Paul's view that the values of the military culture (under-girded by the UCMJ), on which DOD is framed, has an interesting contrast to Ben's previous description of abuse of the UCMJ during the Vietnam era. The interviewees' believe that moral values are not relative and should be inherently understood by the average person. They also believe that there is a social degradation of moral values. For me, Tom's thoughts on the "long-time constant" of moral values together with Sam's views on manager mobility suggests an inherent problem in the current managerial rotation approach practiced today. In this regard, rotating managers, even those with high moral values, makes it difficult to embed values in the workforce. If moral relativism characterizes our society at present, the rapid movement of senior leaders in an organization may well make relativism even more prominent. Embedding values takes time, stability and the opportunity to identify with and learn from an admired leader.

5.4 AUCTOR CORPORATION

5.4.1 INTRODUCTION

The Auctor Corporation is a large publicly-held chemical firm that develops and produces a variety of household products. The interview was with a Senior Manager named Ted who recounted an ethical dilemma in his company. While this interview included some discussion of Ted's personal values, it focused more on an ethical dilemma that Auctor faced in recent years. After a sustained period of financial success, Auctor had a downturn in profits due to increased competition. Branded

products moved from premium value to commodities. Auctor's senior management was under pressure from Wall Street to recover company profit performance. During this time, the Auctor Research and Development (R&D) Department introduced a new product (POLUS) which had a potential for being the next "boom" product and, hence, allow Auctor to recover. Ted says that the CEO, Gary, and the Board of Directors were very enthusiastic about the new product and wanted to move it into the market immediately even though it had not been completely tested or proven in its performance.

5.4.2 SENIOR MANAGER: TED

Ted is a Senior Manager of Sales at Auctor. He has a strong personal sense of moral values. He believes that moral standards are divinely sourced and are immutable. His moral values (e.g., honesty, integrity, trustworthiness, respect and valuing others) are similar to previous interviewees.

To solve the Auctor financial problem, Ted says that CEO Gary and the Board of Directors wanted to push ahead with early launch of the POLUS product. Gary and the board asked Bill, Vice President (VP) of Sales for Auctor's largest region, to lead the campaign. However, Bill, having researched the viability of the POLUS product with R&D technical staff, was certain that it would not perform according to the claims. Bill relayed his concerns to Gary and the Board. (Ted says that Bill is known in the company for his moral values and the enactment of his values in his management and leadership style.) Gary and the Board consequently moved Bill

from his line position to a staff position (a demotion). In Bill's place, they put Bo, an aggressive, "go-getter" manager with, as Ted describes, a reputation for having a "checkered" past. Gary and the Board commissioned Bo to make POLUS a "flagship" brand for Auctor.

Bo's management style was different from Bill's. He was abrasive and belittling with his employees. He was arrogant and uncompromising with long-standing wholesale customers. Where traditionally the wholesalers had been allowed to negotiate prices, Bo would not deal with them at all. Ted says that at National Sales meetings the presentations delivered by Bo were typically ill-prepared and egotistical in style. Employees became further aware of Bo's lack of good character by his hypocrisy in claiming the importance of family at some meetings and then, in a management training class, talking about how much he had neglected his family in order to get ahead in his career.

As the POLUS campaign unfolded, Gary signaled Wall Street with great claims about product performance and the plans for launch. He had successfully done this in the past with other products and anticipated similar good results. In the meantime, Bo began to "stuff the channels" (wholesalers) with the product and Auctor accounting attributed these as sales. Ted admits that this is not necessarily illegal, but, in his view, it is unethical because it does not represent "true" sales to end-user customers. The marketing campaign combined with reporting of "high sales volume"

indeed worked. POLUS prices rose and Wall Street escalated the Auctor stock price to premium levels.

However, the POLUS product did not perform as claimed. Consequently, the sales to end users did not match the reported sales by Auctor. Wholesalers, which had been “stuffed” with product, filed suit against Auctor for fraud and misrepresentation. This litigation and the accounting discrepancy of reported sales led to the awareness by Wall Street analysts that Auctor had stuffed the channels. The analysts had lost confidence in Auctor and stock prices rapidly fell to below half their value. Just prior to a Federal government investigation of Auctor accounting practices, Gary, Bo, the R&D Department Head and a senior finance person left the company to pursue other “career opportunities.”

The Board, responded to the loss of confidence in Auctor from the public, Wall Street, and the Federal government, by reinstating Bill to his previous position and hiring a new CEO. The Board empowered Bill to help Auctor recover the public trust. Since then, Bill has been working with the government investigators. He has been making many internal changes at Auctor including removal of certain members of the “old guard” who were inclined to bend rules or act in an intimidating fashion toward employees. He established an office within Auctor to ensure that ethical standards and Federal regulations are met by the company. Bill’s character is helping to restore employee morale which had taken a large downturn. Bill is not, according to Ted, “parading a moral crusade,” but rather, demonstrating through his

actions what moral fortitude looks like. He takes full responsibility for his position. He conducted several national “town hall” meetings via organizational web-casts in which all employees were allowed to ask hard questions. Bill is honest about the situation that Auctor is in and he takes accountability for turning the company around. Ted describes Bill as projecting a self-imposed accountability to employees and the public for his actions. As a consequence, employee morale and trust in leadership is, in Ted’s view, greatly improved.

5.4.3 SUMMARY

Ted tells a dynamic story of moral values at Auctor. The moral flexibility of the “old guard” was successful for a time. Eventually, however, it collapsed. The Board, in a seeming act of survival, realized that the only thing they could do was to empower a “moral manager” to get them out of the mess. In my view, this is an example demonstrating themes found in the writing of both Jackall and Barnard. When moral values were not exercised in the rule-in-use of Auctor senior leaders, the behavior of managers throughout the company became loose (as predicted by Jackall) and, in this case, unethical decisions followed and brought the company to near disaster (as predicted by Barnard). When the Board turned to Bill to turn things around (evidently recognizing the need for his moral leadership), the company steadily recovered (also predictable by Barnard).

5.5 MIT SLOAN: PROFESSOR POUNDS

5.5.1 INTRODUCTION

Professor William (Bill) Pounds is Professor Emeritus of Management and Dean Emeritus of the Massachusetts Institute of Technology, Sloan School of Management. Professor Pounds is an expert in corporate governance and operations management and he has served as a director of many companies and as a trustee of equally many non-profit organizations. From 1981 to 1991 he was senior advisor to the Rockefeller Family. His research delves into the problems of governance, operations management, quantitative methods of managerial analysis, and cognitive theories of decision making.

In my discussion with Professor Pounds about moral values, he provided some of his views. He mentioned that while economists have talked of profit maximization as a way to understand why companies behave in certain ways, ethicists refer to moral frameworks such as honesty and integrity to explain why people behave certain way. It is all unobservable. He says: "How would we know what the intentions and motivations of people are? How do we know ourselves? We form our assessments by inferences." His view is that the "attributes in an ethical framework exist but they are difficult to prove, measure or monitor."

During his years in graduate school, Professor Pounds recalled, he worked on developing a model for human decision behavior. During that effort he looked at the game of chess. Although chess is a deterministic game, its complex decision

options are far too numerous for even the most astute players to fully rationalize. Although most people can only rationalize to a few levels of decision variation, the winning sequence is many more levels down. Thus players learn to make approximations to probable right moves from a limited set of comprehensible decision options that are learned from experience. In a similar way, Professor Pounds believes, individual's frame ethical choices. We cannot know most outcomes in ethical matters with certainty because the complexity places the outcomes many more levels away from our ability to comprehend. Thus ethical frameworks, to him, are values we assign to intermediate behaviors. This is actualized, for example, in behavior conforming to "honesty is the best policy" because it seems like this approach will probably provide a good outcome most of the time. There are times when we may witness dishonesty providing people with favorable outcomes and we may wonder about our beliefs. But in the end, he says, most people usually stick with what they believe to be the safer option, honesty.

With regard to moral absolutism, Professor Pounds views this as a "soft issue." He does not claim to know one way or another. On the Natural Moral Law (or Golden Rule), Professor Pounds reflected on an event that took place at Cambridge University in Britain in the late 1800's. At that time, Pounds says, 'academics were beginning to sense that God was less prominent in the lives of people and so there was a debate on the subject at Cambridge.' The debate was between people that were called "Institutionalists" who held the "old school of thought" that the Moral Law (Golden Rule) was "intuitive" (i.e., that people are naturally aware of it) and

people that were called “Utilitarianists” who held that “people will be good because it is in their interest to be good.” The latter view triumphed in the debate and is today the framework for modern economic theory. Pounds says that John Maynard Keynes, although a Utilitarian himself, was aware of the earlier debate and he was also aware that when you look at the real world, it is often ‘intuitive.’

Professor Pounds notes that issues in the corporate world are complex ethically. An example he provided concerned the fees charged by financial managers working for institutions. Trustees of an institution may feel a fiduciary commitment to shareholders to keep fees low which may bias their view of the amount fund managers charge for their work. The trustees may consider high fees as an ethical problem (perhaps feeling that they are unfairly high). On the other hand, fund managers may feel they are simply charging market value compared to others doing similar work. The shareholders may be oblivious to fees and only concerned about the performance of their portfolios. There may be an ethical lapse if the intentions of the fund managers are to “unfairly charge.” But, says Pounds, it is hard to know their intentions with any certainty.

Another example Professor Pounds provided was that of fund managers that become bored with mundane (and “safe”) trading for customers and try out a few academic trading theories (using customer funds) that result in higher gains for themselves than for their customers. Again, while the action may not be illegal, it is poor professional practice. The intent may not have been to steal from customers,

but just to break their boredom. There is then a question about the “actual” personal ethics associated with behavior. If the company stopped the managers from performing the activity and openly reported it to the Securities and Exchange Commission, should they also fire these managers? or should they give them a chance to change and continue working for the firm? Sometimes a company is publicly denounced as unethical because senior managers allowing lapsed managers a second chance. Professor Pounds notes: ‘A lot of what the public sees as ethical dilemmas are really not ethical problems. Ken Lay, for example probably believed he was honestly serving the Enron shareholders.’

I asked Professor Pounds about his thoughts on the growing moral flexibility in contemporary society. He said that ‘people often do not understand what they are losing until it is gone.’ I told him about the contrast I had found in executive morality that Chester Barnard advocated long ago and the moral degradation that Robert Jackall found in modern managers. Professor Pounds pointed out that he finds Barnard’s views to be very useful in framing how company’s should be led. He uses Barnard’s book *The Functions of the Executive* as one of the required readings in his Corporate Governance class at MIT. He also noted that Barnard’s views were framed on presupposition of executives who owned the company. He said that Adam Smith (1776) believed in owner-managers. He says that Smith believed that outside organizational directors and executives were not the proper way to govern firms.

Professor Pounds noted that 'the modern corporation is essentially a one-party political system. There is no loyal opposition. It is a feudalism of Kings and Barons submerged in a pseudo ethic.' The Soviet Union, he says, was run exactly like a large American corporation. The difference was that there was no escape for the members. He also said that only few people in business and governmental organizations really take time to think deeply about moral issues and frameworks, even through such matters are at the root of what people running big organizations are doing most of the time.

5.5.2 SUMMARY

Among the key points that Professor Pounds noted that I find relevant is one in particular: that ethical decisions are unobservable. The morality of people must be inferred from their actions. Their "ethics" cannot be known directly. The idea that human cognition is limited makes most behavioral choices, at best, approximations. They are a "best estimate" of what will be good. This view, in my opinion, makes the existence of moral absolutes difficult to fathom since one could never know with certainty what constitutes an absolute standard. Professor Pounds' idea that what appears to be "ethical lapses" may be misreading of intent is a useful reminder of the risk in judging moral values too quickly.

5.6 SUMMARY

These interviews provide at best a limited perspective on leaders and ethics in particular organizations. The experience and positions of the interviewees obviously colors their perspective. But all these interviews underscored—albeit in different ways—the importance of moral values in an organizational context. All those I talked with were comfortable setting out their moral positions and these positions seemed based on a good deal of thought. A common view among the first six interviewees held that values were not relative or changeable. They were seen as absolute. Moreover, these interviewees indicated that their values provided a basis for accountability. They could and should be held to standards. Professor Pounds was non-committal to the concept of absolute standards. While each interviewee had a unique personal perspective, their moral values seemed consistent. General themes appear across all: honesty, integrity, reliability, and respect for others.

While beliefs in strong moral values are evident in the interviews, there are also examples of moral failure not unlike the reports of Jackall. Dan's recounting of misrepresentation of analysis by other research firms and his description of pressures brought by some customers on the organization to modify analysis results represents one such example. Tom described another in the actions of some senior DOD leaders. These illustrations amplify Professor Pounds' view that moral values cannot be considered outside the day-to-day choices of individuals.

The story Ted told of the ethical dilemma of Auctor seems to validate the views of both Jackall and Barnard. Had the external legal mechanisms to address “channel stuffing” and ‘dishonest accounting’ not been activated, it is not clear the directors would have changed anything. “Getting caught” brought the change from low to high moral leadership.

Finally, I should note that Sam’s perspective on the longevity of a leader in a group and the associated testing and influence of the leader’s moral values by and on the group raises fundamental problems for any organization in which the turnover of leaders is frequent. Manager mobility in organizations—as described by Sam and noted by Jackall as well—comes close to what most manager’s consider “successful” career progression. It seems also a mechanism that diminishes the importance of values in organizations. Managers who come and go like a revolving door hardly have time to get to know people, let alone prove their moral acumen and disseminate their values within the group. This is a theme I will revisit in the next chapter.

CHAPTER 6: MODELING ETHICS: SUMMARY AND CONCLUSIONS

6.1 INTRODUCTION

While the importance of moral values is virtually always espoused by the leaders of business and government organizations, enacting moral behavior we have learned is complicated. Regardless of espoused codes or commitments, the moral choices and actions of individuals and groups within organizations vary. They often appear arbitrary and confusing. The purpose of this thesis has been to look broadly at how moral values are played out in organizations by examining relevant literatures, talking to organizational members, and, in this chapter, trying to model moral behavior.

In this final chapter I first review the findings of my literature survey and interviews. I then turn to consider systems dynamics models. I build on John Sterman's honesty/cheating model to formulate a "moral accountability model" that incorporates elements of moral values and decision making that I have gleaned in the learning process of this thesis. In addition, I present a "moral contingency model" relating an individual's sense of moral flexibility to their perceived accountability to a moral standard as a framework for considering moral decisions. I conclude by discussing my learning and provide a few closing thoughts.

6.2 LITERATURE SURVEY AND INTERVIEWS

From the major views of organizational theory examined in Chapter Two, useful perspectives for understanding the complex functioning and behavior in and of organizations were delineated. While the mechanistic and political perspectives are important for describing organization behavior at a macro level, only the organizational culture perspective, where the deeper complexity of individual and group psychology is taken into account, allows for the analysis of moral thought and action. Schein's (1992) three layered organizational model of artifacts, espoused values and beliefs, and underlying assumptions was the most useful of the examined frameworks. It provides a way to study moral values in use.

The philosophical and psychological views reviewed in Chapter Three show how moral decisions are shaped by individual assumptions. As described, an important problem for philosophers has been the notion of "absoluteness." Are moral standards absolute or relative? Is there a Natural Moral Law innately understood by all people? Some feel the answer is yes and point to consistencies over time and places as proof (Adler 1990). Others like Kant and Hume, attribute it to human nature. While the importance of moral absoluteness in the stated beliefs of some people is verifiable from the literature and field research, the proof of their existence is not. The literature also reveals philosophical challenges to the assumption of a moral standard from moral relativists and arguments from social psychology and anthropology. Sociocognitive structuralists (Kohlberg) put moral relativism at the lower levels of moral development. According to them, the highest stage of moral

reasoning is consistent with Natural Moral Law. The structuralists also identify the importance of social institutions on the moral development of individuals. This suggests that moral relativism in society fixates members to low stages of development, impeding progression to higher levels.

The literature suggests that philosophical assumptions of morality are associated with views of the nature of the universe and the ultimate source of moral criteria. From the review, I find that a fundamental aspect of moral decision logic is a belief in accountability to a moral standard and the belief that consequences will follow from one's actions. The perception of accountability to moral standards and the consequences associated with the making of decisions may be linked to the level of flexibility in moral choice. This, coupled with the influence of benevolence or selfishness, comprises the principle forces on moral decisions which I come back to in the following section. The staged nature of moral development (presented by Kohlberg) provides insight into the reasons for different competency levels among individuals in moral decision making.

In Chapter Four, the moral beliefs and actions of leaders and managers in business were examined. My primary sources here were the classical perspective of Chester Barnard and the modernist views of Robert Jackall. Barnard's idealistic view of moral leadership as a key function of the executive, while grounded in mid-twentieth century American business culture, bears a strong resemblance to espoused theories heard from senior managers today. Barnard's theories are

echoed in the writings on business ethics in recent years (e.g., Shaw 1997; Tichy and McGill 2003). In contrast, Jackall's lucid and candid reporting of the moral contingency in the late-twentieth century reveals a moral relativism that he claims characterizes much of public and private organizational life. From Jackall's view, the underlying assumptions of managers can be summarized by: patrimonial framework, dog-eat-dog managerial ethic, lack of accountability as a function of manager seniority, contingency and exigency drive moral motives, and shifting moral beliefs. Moral flexibility is the operating trait of the managers Jackall studied although the public face of management remains tied to the work ethic and moral ideals of early Capitalism.

Barnard believed that the executive is not only responsible for his own moral choices but also for those of the organization. As such, the manager is held accountable to this by the forces governing success. He strongly believed organizations endured in proportion to their moral governance. Jacques (2002) is in agreement with Barnard as he espouses the need for accountability in organizational relationships vertically and horizontally. Jackall finds no such moral acumen in the executives he observes in corporations and public bureaucracies. Instead he finds a "patrimonial organization" that breeds a relativistic morality where choice is always contingent on the personal desires of whomever is in charge at a given time. Those who hold rigid or traditional, unbending moral codes are marginalized by those in power and squeezed out of opportunities to lead. Those with stable ethics are held in contempt for their naiveté by peers on the fast track and are viewed as dubious by

senior managers who expect flexibility and agility. Instead of stable moral codes determining corporate success, Jackall believes success is a function of the moral dexterity of managers. Because moral shifting over time dissatisfies the inner psyche, rationalization and the “objectivism of the self” characterizes modern corporate managers (at least the ones that survive and thrive).

The interview results were described in Chapter Five. They provide a perspective on espoused moral values within industry and academia. The interviews suggest that moral values were important to each interviewee, and for most of them, these values were said to not be relative or changeable. While the moral values mentioned by each interviewee were to a degree unique, there were general themes among them: honesty, integrity, reliability, and respect for others. In discussions about the basis of moral values, most interviewees espoused a belief in accountability as a perceived obligation to multiple sources such as the defense mission, customers, family, and, for a few, spiritual faith.

While the interview data indicate a strong moral perspective, the discussions also reflected an awareness of moral failure in various organizations. Jackall’s reports of moral contingency among corporate managers are echoed in my interview data. Examples included dishonest senior DOD leaders, corrupt CEO’s, unethical government customers, and malicious military officials. The legal consequences for Auctor were a notable moral control mechanism. The complexities of moral decisions and the limitations of human cognition can make moral decision making, at

best, an approximation of the “right” way. But, several interviewees pointed out that the longevity of a leader in a group influences the leader’s effectiveness in promoting moral values to the group.

6.3 MORALITY MODELS

6.3.1 INTRODUCTION

This section modifies Sterman’s honesty/cheating model (presented in Chapter Three) and brings individual accountability into the equation along with a personality trait-like quality I called the desire for self interest or for benevolence I introduced in Chapter Three. Next, I introduce a “moral contingency model” that presents a two-dimensional relationship between moral flexibility and perceived accountability to a moral standard. The models I develop and present here are tools for representing causal forces and relations on moral behavior. Like any other behavioral model, this is a limited representation of highly complex psychological processes. But the mapping of causal relationships (and feedback loops) may provide insight into complexities of these processes. It is a way, in my view, to discover structures (similar to the conceptualization of “structuralists” such as Kohlberg) of moral decisions and actions. Because of the unobservable nature of motives and intentions (as noted by Pounds) in moral decisions, building a model of moral decision making requires inference of the causal forces from observed affects. It is similar, I believe, to our understanding of electromagnetic fields which, for the most part, are not directly “observed” by our senses (except visible light) and must be inferred from observed effects. Physicists use the model of “fields” and “waves” and

a mathematical framework to characterize the “invisible” electromagnetic phenomenon that gives rise to these effects. In a similar manner, the use of system dynamics and analytical modeling for mapping the relational internal and external forces giving rise to ethical decisions and behavior may be useful in discovering important structures of morality. This may lead to methods for helping managers to learn about and assess their own moral frameworks. The insights that may be derived through learning about moral structures may lead to more benevolent and morally competent managers. A useful attribute, I believe, in today’s growing world.

6.3.2 SYSTEM DYNAMICS MORAL ACCOUNTABILITY MODEL

To begin, I first generalize Sterman’s honesty/cheating model by changing “honest” to “ethical,” and “cheating” to “unethical.” This is shown in Figure 6-1. I then isolate those factors I believe are most important in moral decisions. These are factors that arise from both my literature review and my interviews. These are:

- **Desire to Act Benevolently:** This is the desire to act with compassion and fairness toward others. This is sometimes referred to as Natural Moral Law or the Golden Rule. It can also be thought of as a sense of justice. This is associated with a commitment to a moral standard and the willingness to submit to law or accountability to a moral standard. It is characterized by a desire for acting out traditional moral stances in the world such as honesty, integrity, reliability and respect for others. In extreme cases, this benevolence is the catalyst for self-sacrifice on behalf of others, including sacrificing one’s life for others.

- **Desire to Act Selfishly:** This is the desire to satisfy self interests at the expense of others. This is explicitly a drive to seek individual gain or benefit in an action while knowing that the interests of others will be discounted or compromised as a result. This is associated with a desire to be autonomous of law or a belief that one is not accountable to a moral standard. In extreme cases, it is the catalyst for harming others to benefit one's self, including the taking of another's life.
- **Commitment to Moral Standard:** This is the level of commitment an individual feels to moral criteria. This affects the pressure an individual feels to act ethically. The moral standard is assumed to reflect benevolence. The desire for benevolence strengthens this commitment and the desire for selfishness weakens it. The level of commitment is also related to a willingness to be accountable to a moral standard.
- **Perceived Accountability to Moral Standard:** This is the sense an individual has for being accountable to a moral standard for actions. It is linked to the consequences (and their significance) an individual believes will follow from a line of actions. It is, in my view, non-linearly related to an individual's commitment to a moral standard. I present a model for this relationship in the following section.
- **Absolutist Conviction for Morality:** This is the belief an individual has that moral standards are absolute. This may be a belief in a divine source or a belief in intrinsic natural law. It forms the basis of an individual's belief that a given moral standard is absolute. The more convinced a person is in the

absolute nature of a moral standard, the stronger their commitment will be to the standard. This factor increases the individual's perceived accountability to a moral standard.

- **Relativist Conviction for Morality:** This is the belief that an individual has that moral standards are relative. This may stem from a belief that moral standards are a product of cultural folkways, for example, in an anthropological sense. This belief would tend to diminish one's acceptance of absolute moral standards. Thus it reduces the individual's perceived accountability to a moral standard.

Figure 6-2 is a casual loop diagram (referred to as "Partial Moral Accountability Model") showing the relationship between these variables. An increase in the "desire to act benevolently" causes a corresponding increase in an individual's "commitment to a moral standard" (by definition, the moral standard is based on benevolence), likewise, the "commitment to a moral standard" increases an individual's "desire to act benevolently" creating the "*virtue*" reinforcing loop (R4). This is contrasted with the "desire to act selfishly" which, when increased, causes a corresponding decrease of an individual's "commitment to a moral standard" and, likewise, an increase in "commitment to a moral standard" causes a decrease in an individual's "desire to act selfishly" creating the "*vice*" reinforcing loop (R5). In my view, this double-loop *virtue* and *vice* structure is the heart of moral decisions.

Next, an individual's "commitment to a moral standard" is increased by an increase of "perceived accountability to the moral standard." This perceived accountability is increased from an individual's "sense of remorse" for not acting in accordance to the moral standard or from accountability being forced on an individual (e.g., by legal codes). This diagram includes three factors of the diagram in Figure 6-1: "pressure for achievement," "pressure to act unethically" and "unethical action." The "pressure to act unethically" may be caused by various external forces such as "pressure for achievement," a need to "feed one's children" or a desire to "get rich quick." Whatever the external pressures may be, there is an internal pressure as well from the "desire to act selfishly." As it is increased, it increases the "pressure to act unethically." An increase in the "absolutist conviction for morality" causes a corresponding increase to the "perceived accountability to a moral standard." Conversely, an increase in the "relativist conviction for morality" causes a corresponding decrease in the "perceived accountability to a moral standard."

An individual's "sense of remorse" for "unethical actions" is affected by several forces: it is increased by a corresponding increase of the "desire to act benevolently;" it is increased by a corresponding increase of "unethical action;" it is increased by a corresponding increase of "potential consequences" for "unethical action;" and it is decreased when there is an increase of an individual's "desire to act selfishly." An increase of the "sense of remorse" causes an increase of an individual's "perceived accountability to a moral standard." An increase in "potential

detection” of “unethical action” increases the potential of inflicting consequences on the individual. Increases in “potential consequences” results in an increase of “potential forced accountability” (e.g., jail time). The effect of increasing “unethical action” to increase the “sense of remorse” leading to increased “perceived accountability to a moral standard”, creates a balancing loop, through “commitment to a moral standard” and “desire to act selfishly” to “pressure to act unethically” called “*new leaf*” (B4) (this also has a reinforcing effect through the *virtue* R4 loop).

On the other side, the increasing effect of the “desire to act benevolently” on the “sense of remorse,” creates the reinforcing “*repentance cycle*” loop (R6). The effect of increasing “desire to act selfishly” decreases the “sense of remorse” and sets up (through “perceived accountability to a moral standard” to “commitment to a moral standard” and back to “desire to act selfishly”) a reinforcing feedback loop called the “*selfishness cycle*” (R7). The effect of increasing the “desire to act benevolently” to increase “perceived accountability to a moral standard” (feeding back through “commitment to a moral standard” to “desire to act benevolently”) creates the “*virtuous cycle*” reinforcing loop (R8). The effect of increasing “unethical action” to increase the “potential for detection” which then increases “potential consequences” creates a balancing loop “*accountability hedges*” (B5). The increase of “potential consequences” flows through the “sense of remorse” and the “potential forced accountability” to “perceived accountability” and to “commitment to a moral standard” to “desire to act selfishly” to “pressure to act unethically” to “unethical action” to “potential detection” forming the B5 feedback loop.

In Figure 6-3 (Moral Accountability Model) the models of Figures 6-1 and 6-2 are joined. The new links are from the “commitment to a moral standard” to “pressure to act ethically” with a positive polarity; from “ethical achievement” to “desire to act benevolently” with a positive polarity; and from “unethical achievement” to “desire to act selfishly” with a positive polarity. The feedback loop passing from “desire to act selfishly” through “pressure to act unethically,” to “unethical action,” to “unethical achievement,” and back to “desire to act selfishly,” creates the reinforcing loop “*moral degeneracy*” (R9). The gains in unethical achievement build the selfish side leading the individual away from moral commitment. The feedback loop passing from “desire to act benevolently” through “commitment to a moral standard,” to “pressure to act ethically,” to “ethical action,” to “ethical achievement,” and back to “desire to act benevolently,” creates the reinforcing loop “*moral engendering*” (R10). Here the gains of ethical achievement build the virtuous side and strengthen moral commitment.

From the 6-3 diagram, it is apparent that there are many reinforcing loops on the left side surrounding the “commitment to a moral standard.” These reinforcing loops (R5-R10) are in contention with each other. If they are of similar intensity, the individual may experience confusion in moral decision making. The balancing loops, B4 and B5, pull an individual toward the virtuous cycle. I should note that these loops rest on two attributes: the “sense of remorse” that an individual may experience for unethical actions, and “potential detection and consequences” for unethical actions. Another attribute that pulls an individual toward the virtues cycle

is the “absolutist conviction for morality.” While this factor may provide an important accountability structure such as divine oversight of moral actions and eternal consequences, it still rests on individual beliefs and may not be sufficient to sustain virtue under pressure. The B5 “accountability hedges” balancing loop represents a unique feedback structure in drawing and stabilizing an individual toward virtuous behavior because every other feedback loop is dependent on the individual. It is only “accountability hedges” that is independent of the individual. The key components of this loop are the potential for detection and consequences. It should also be pointed that reinforcing loops R9 (*moral degradation*) and R10 (*moral engendering*), seem to be important structures for biasing moral behavior in one direction or another.

The benefit of the system dynamics diagrams are found in the identification of key causal loops and structures (internal and external) in ethical decisions. They also establish a framework for discussing and thinking through ethical behavior. This model can be enhanced by specifying functional relationships between factors. For example the “commitment to a moral standard” and “perceived accountability to a moral standard” can be related functionally. This is done in the next section through a model I develop that shows a non-linear inverse relationship between moral flexibility and perceived accountability to a moral standard. I use moral flexibility because it describes the behavior of Jackall’s managers from Chapter Four.

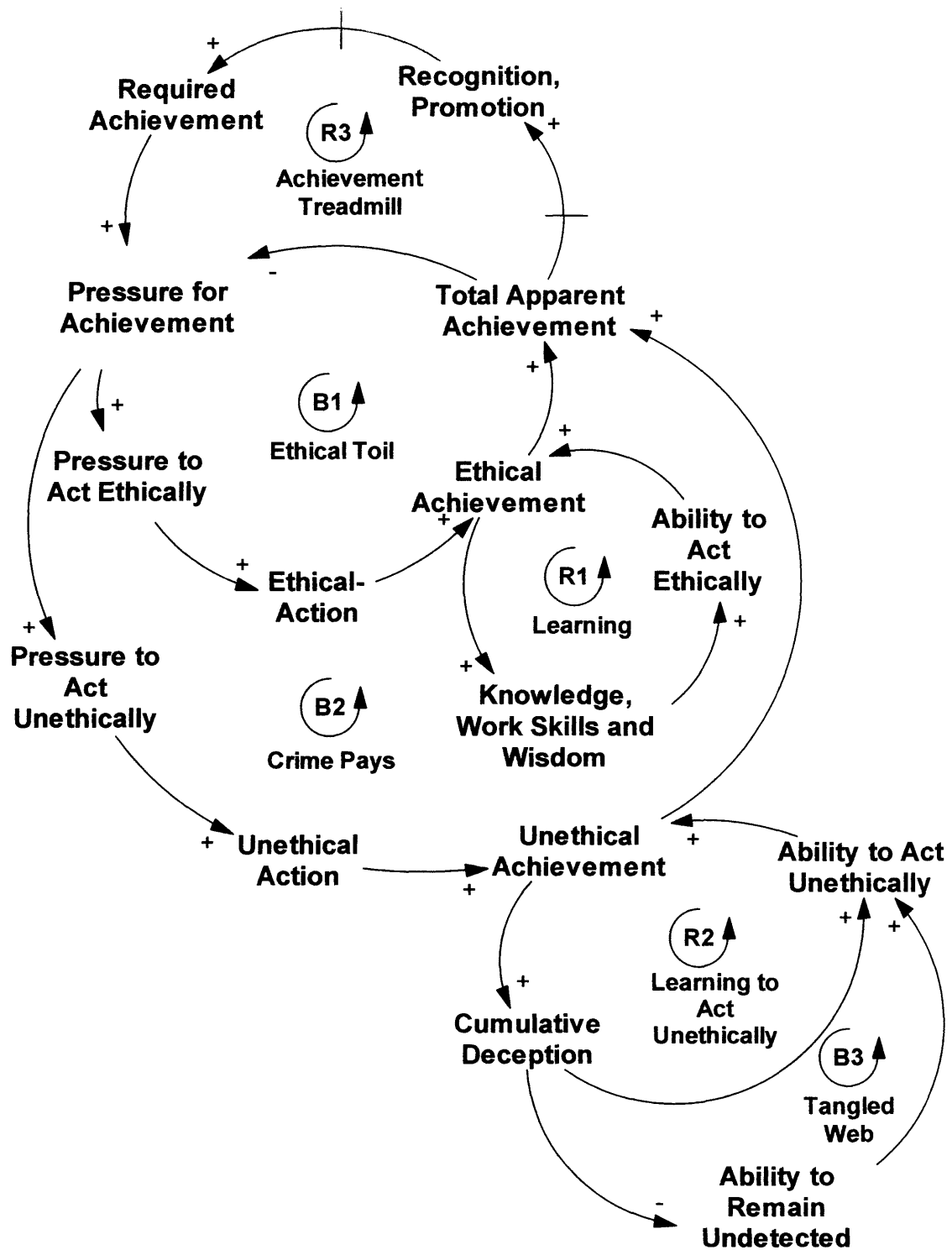


Figure 6-1. Ethical Action Model (Adapted from Sterman, 2000)

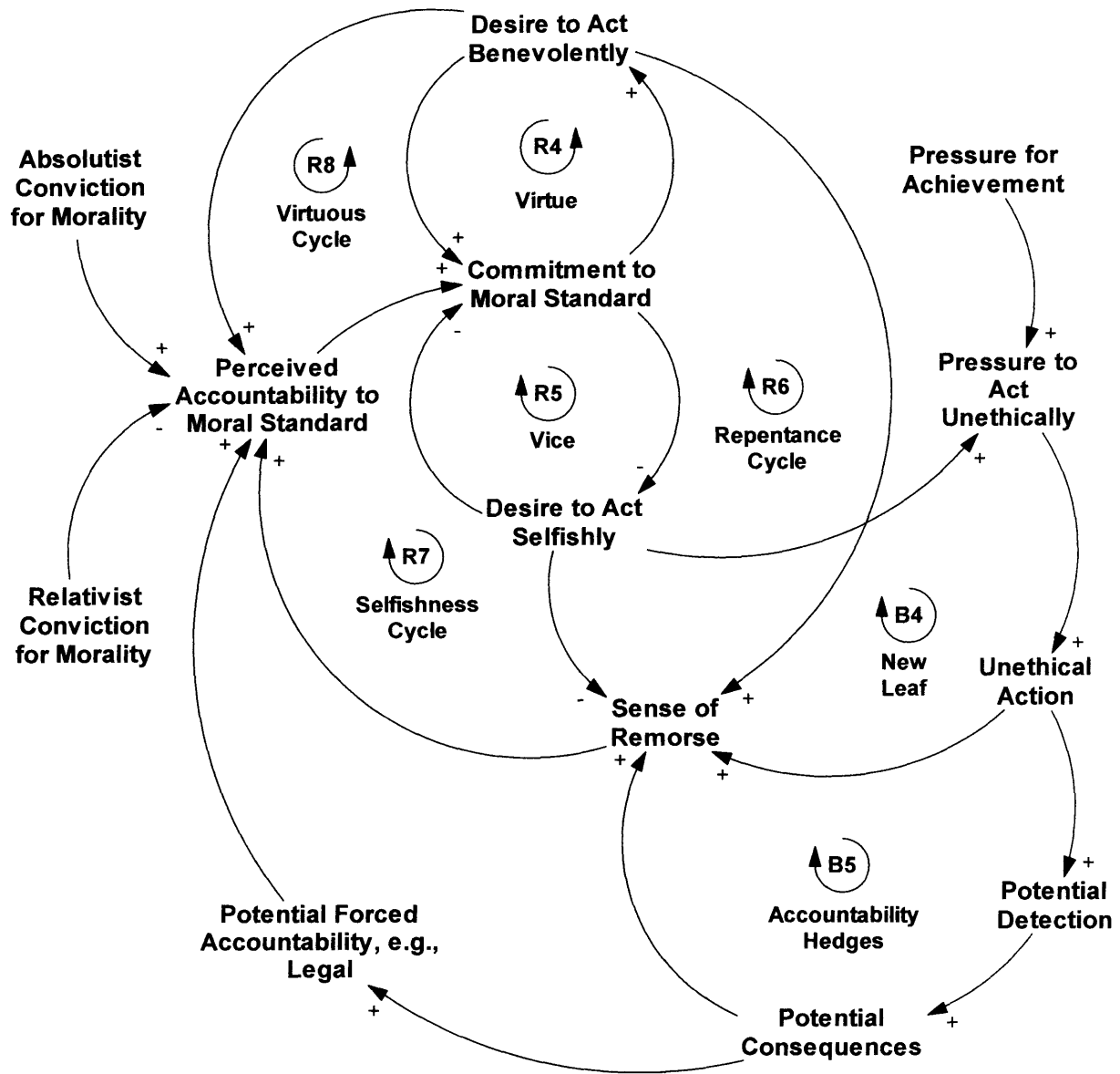


Figure 6-2. Partial Moral Accountability Model

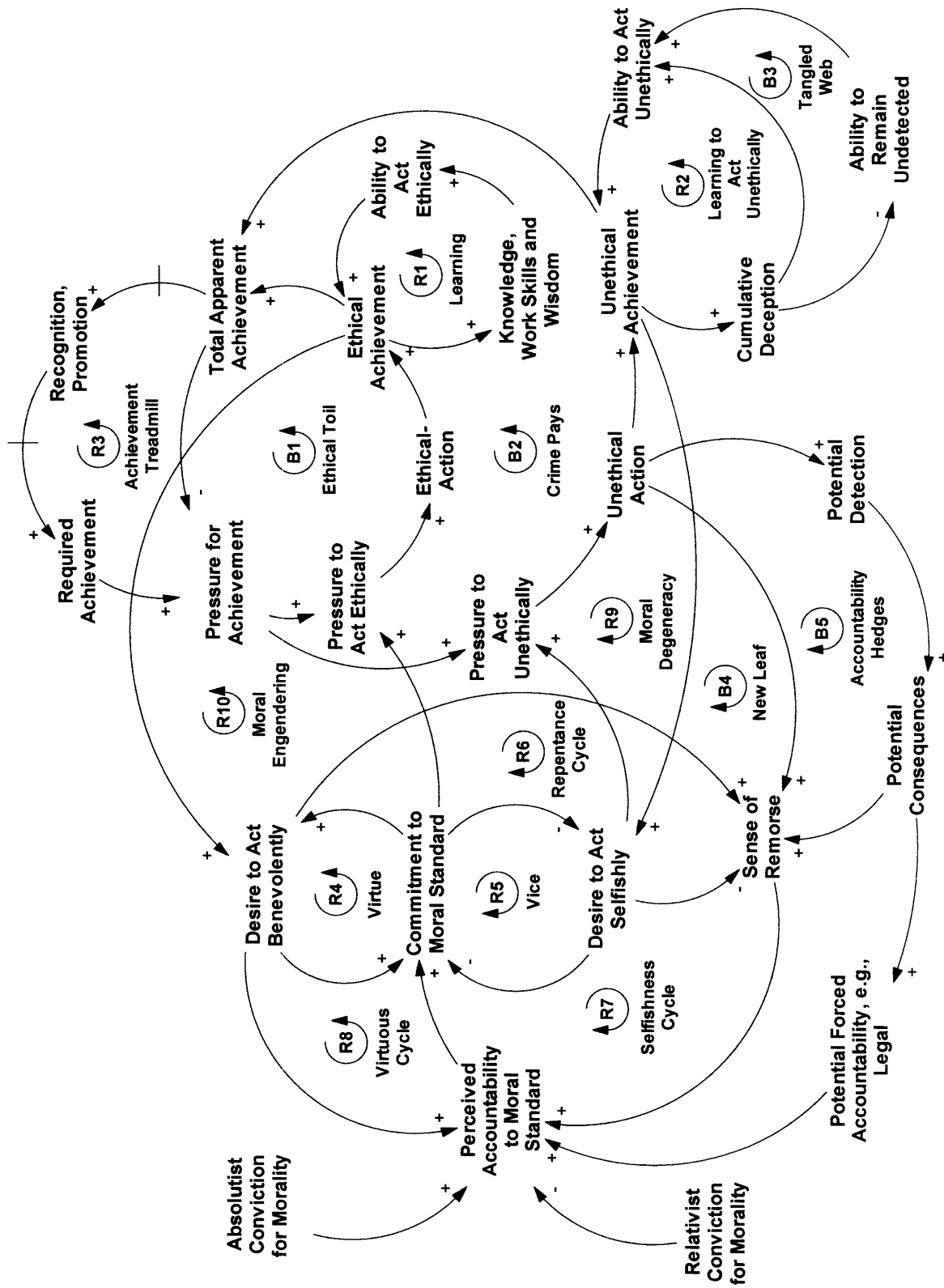
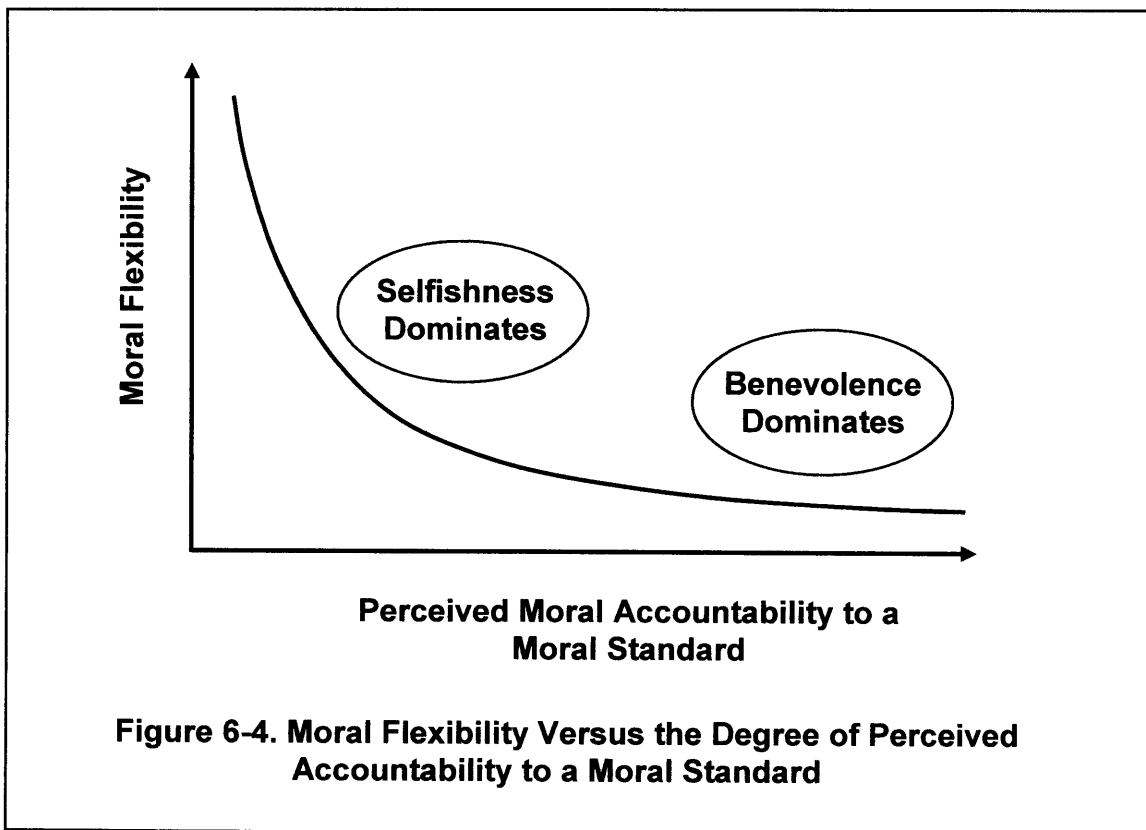


Figure 6-3. Moral Accountability Model (Adapted from Sterman 2000)

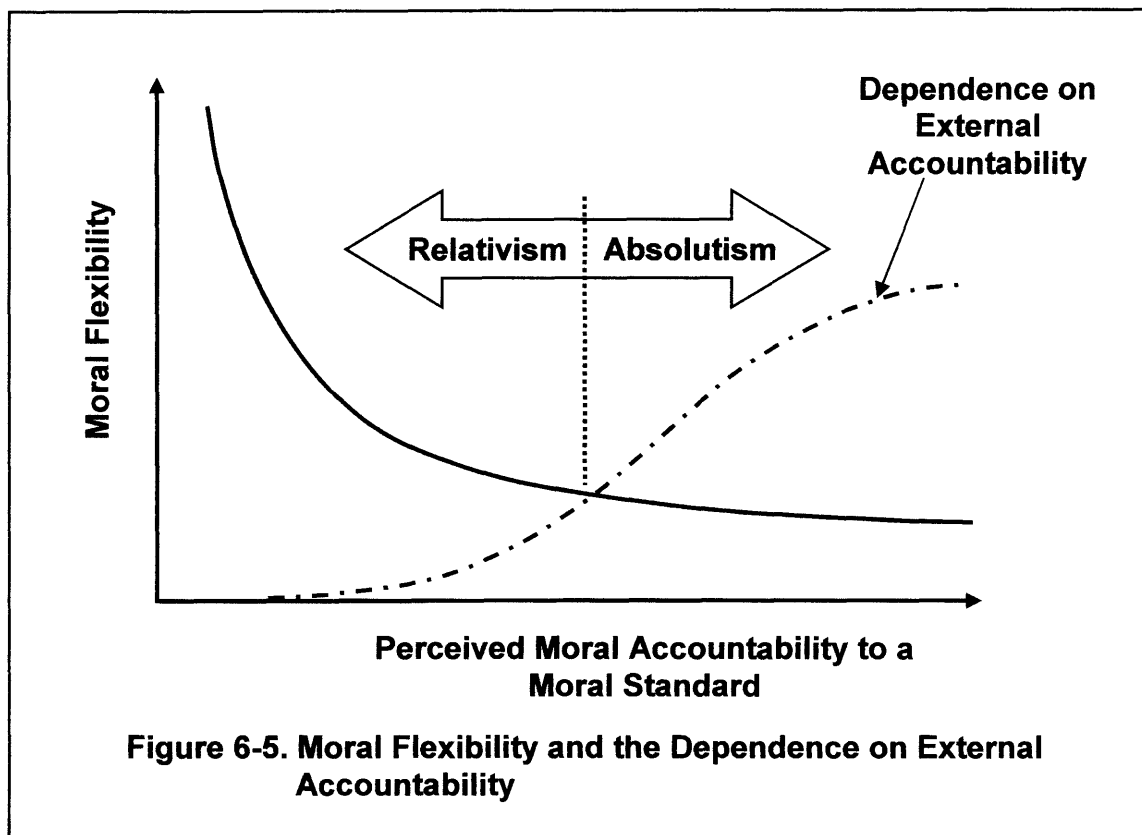
6.3.3 MORAL CONTINGENCY MODEL

I have speculated that a non-linear inverse relationship between perceived accountability to a moral standard and moral flexibility to the standard holds. I refer to this claimed connection as a “Moral Contingency Model.” This model can be formalized.

Figure 6-4 shows the relation of an individual’s moral flexibility to their perceived accountability for meeting a moral standard. My assumption is simply that for low levels of accountability, one’s flexibility rises rapidly (represented by the non-linear rise of the curve) and the desire to act selfishly will tend to dominate. Higher levels of accountability lower one’s flexibility and the desire to act benevolently will tend to dominate. Increasing flexibility diminishes one’s commitment to a moral standard.

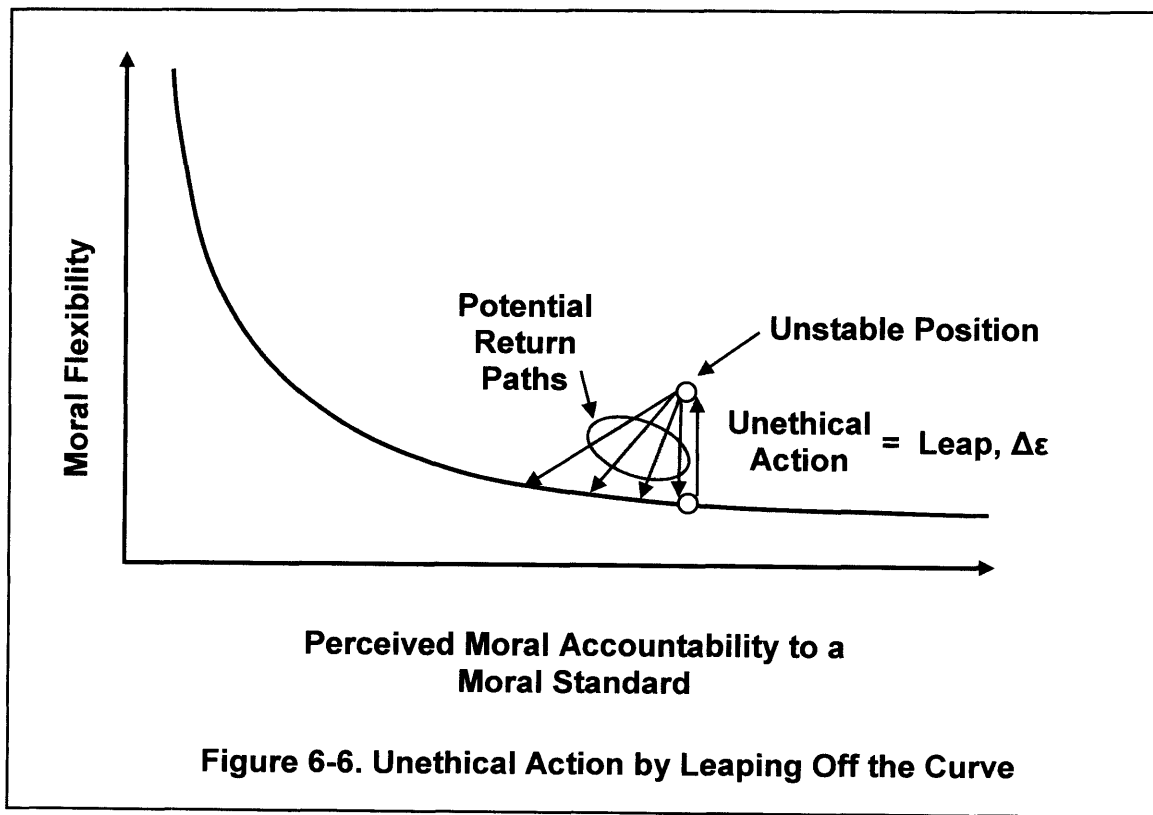


Because the perception of accountability implies that the individual believes in consequences for moral (or immoral) behavior, high accountability levels must be linked to external consequences. This is depicted in Figure 6-5. The curve is S-shaped to represent the idea of a rapid rise in a region over which decreasing moral flexibility for the person requires externally sourced accountability and consequences. In the figure, I have arbitrarily annotated an intercept point as a transition boundary representing the break between moral relativism and absolutism.



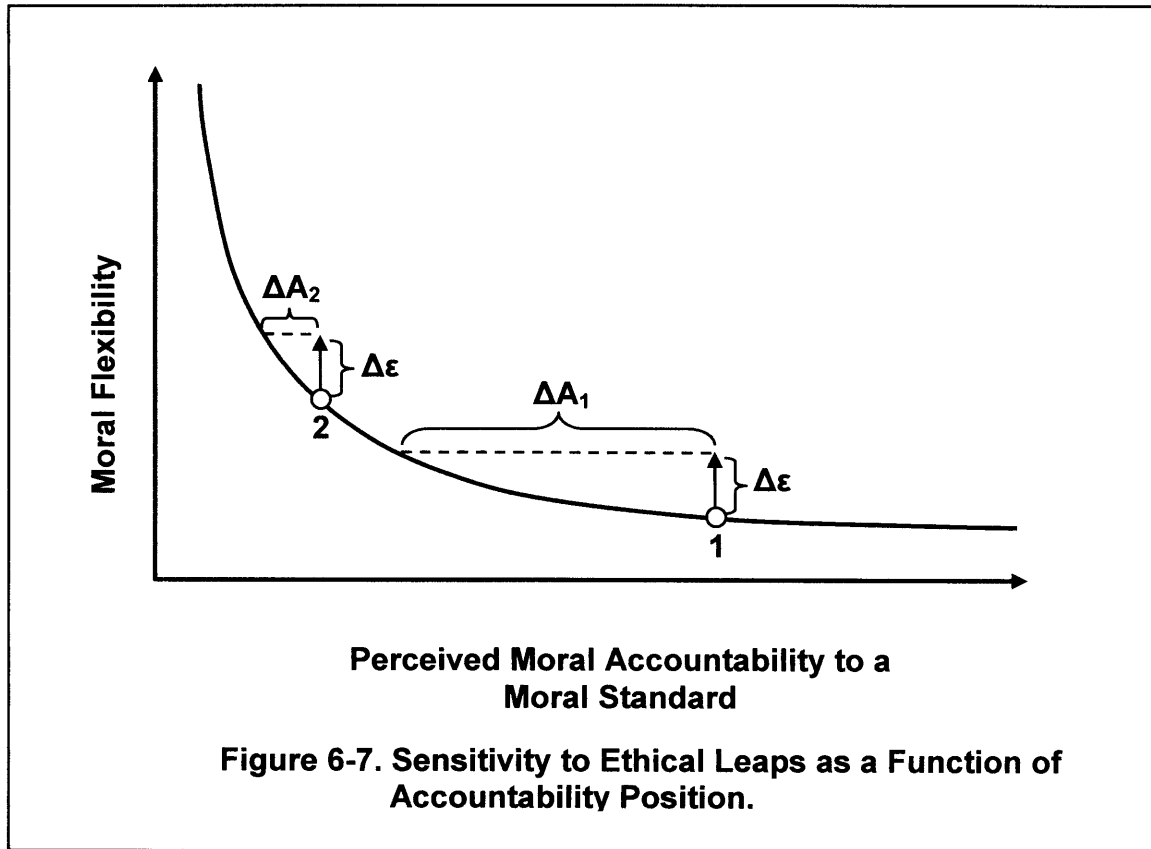
For a given level of accountability, an unethical action (perceived to be unethical by the individual at their flexibility level) requires a move left along the curve or a leap off the curve. This is shown in Figure 6-6. An unethical action at a constant

accountability level is represented as a leap, $\Delta\epsilon$, to higher moral flexibility. A person may do this when they are conflicted between their desire to act unethically and their commitment to act ethically. This is an unstable position. A person must return to the curve. The leap would be followed by a return to the curve either directly to the same accountability position or leftward to lower accountability. The returning individual would typically be in a state of guilt and experience a sense of remorse for the unethical actions for a certain time period, perhaps seeking atonement by some form of penance. The person returning to leftward positions feels less guilt and remorse as commitment to their previous accountability position is released for a gain of moral flexibility. If the returning person repeats the leaping, they move leftward along the curve as their true perceived accountability is compromised through desensitization. This may be referred to as accountability regression.

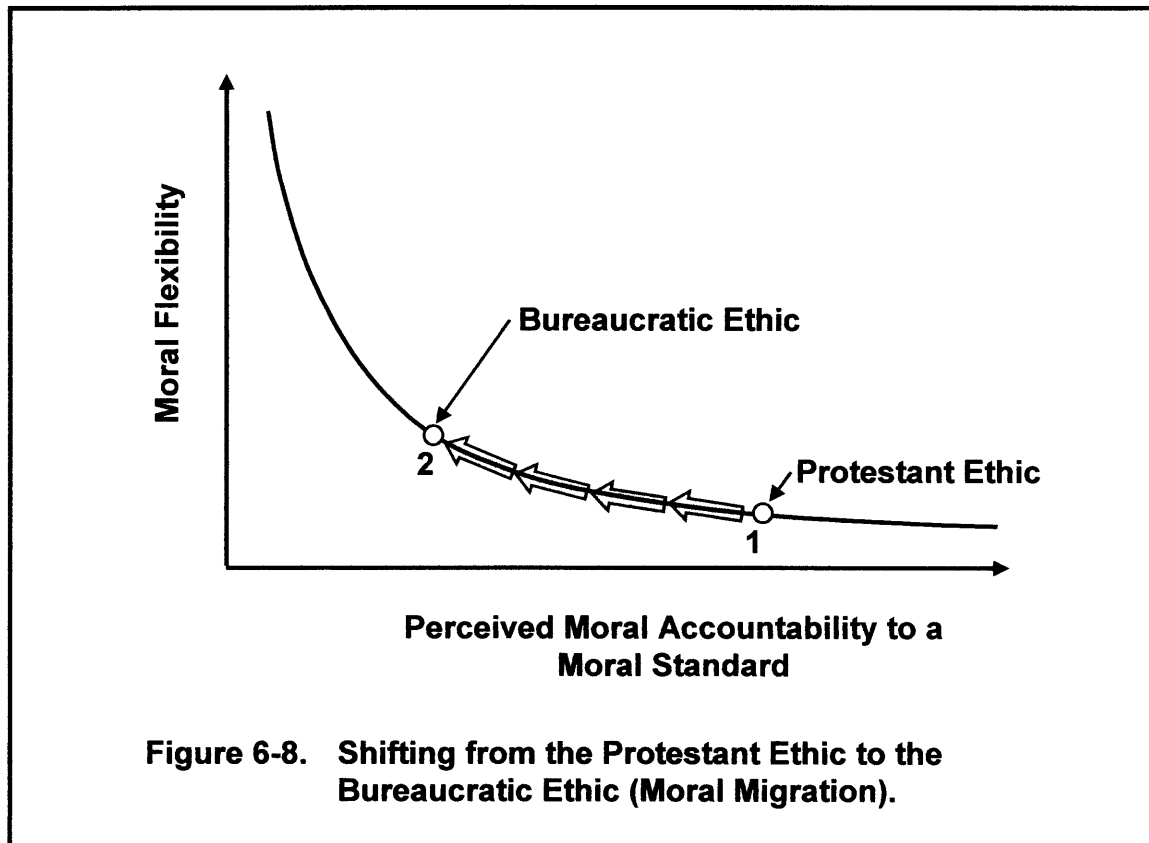


The non-linear shape of the curve represents the increasing sensitivity to unethical action for higher levels of accountability. This is shown in Figure 6-7. An unethical action (leap) is denoted by an arrow labeled $\Delta\epsilon$. For high accountability (position 1), the sensitivity of a person making an ethical leap of $\Delta\epsilon$ is determined by the span of accountability difference, ΔA_1 , measured from the top of the $\Delta\epsilon$ arrow at position 1 horizontally to the left at the intersection of the curve. A leap of equal magnitude is also shown at low accountability (position 2) with a resultant accountability difference, ΔA_2 , which is much less than ΔA_1 .

Because leaps are equivalent to regression in accountability, the sensitivity to leaping from high accountability levels is great. Leaps from lower accountability, having less relative regression, are more tolerable. One could imagine the slope of the curve representing a sort of moral mobility where, for higher slopes (to the left on the curve) regression becomes increasingly tempting. For those who do not feel pulled to the right by their faith, Natural Moral Law or societal laws, the pull left may be unbounded (e.g., Charles Manson).

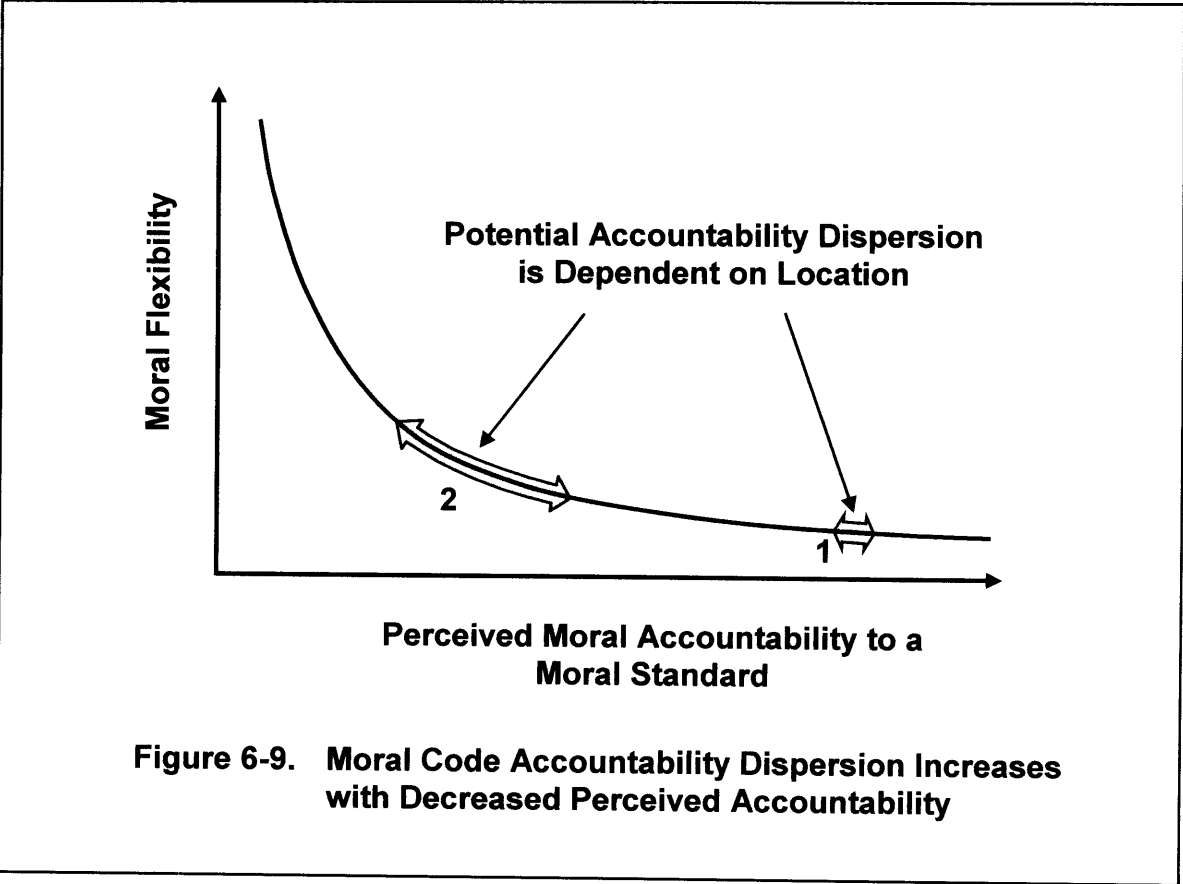


Jackall's conclusions regarding the evolution from the Protestant ethic to the bureaucratic ethic may be viewed on the Moral Contingency Model, shown in Figure 6-8, as a movement from the right (position 1) to the left (position 2). According to Jackall, managers that do well in organizations are those that adopt position 2, while those who remain at position 1, are viewed as misfits and generally marginalized or ousted. The move from position 1 to position 2 could be referred to as "moral migration."



In considering Barnard's view of multiple moral codes that may conflict and Jackall's view of the ever contingent and ambiguous moral mazes that confront managers, the Moral Contingency Model provides a way to conceptualize dispersive accountability among moral codes. My view is that, as shown in Figure 6-9, it is possible to have an increased potential for dispersive moral accountability for higher states of flexibility (position 2). Moral conflict can also occur for differing moral codes that have the same level of perceived accountability. Barnard provides a few examples of conflicting moral codes such as those of family values versus organizational values, popularly referred to today as work/family "balance." While the accountability lines are differentiated by family and work, the level of perceived

accountability may be equal (or different) between the codes. For moral dilemmas with different accountability levels, it is arguable that, because of the reduced moral flexibility, codes of higher accountability will dominate. For high levels of perceived accountability (position 1), the potential for accountability dispersion is narrowed due to constrained flexibility. Increased accountability dispersion for higher flexibility levels is consistent with Jackall.



The Moral Contingency Model provides a two-axis visual map that has helped me in thinking about how an individual's moral flexibility may be related to a

perceived accountability to a moral standard. Through this model, I have been able to graphically show several concepts for ethical behavior that have come up previously. The model helps connect concepts of moral commitment, selfishness, benevolence, perceived accountability, and external basis for moral standards. Moreover, the model suggests that the sensitivity of an individual for unethical behavior depends on the perceived accountability to a moral standard by the person. With the model, I illustrated graphically the ideas of “moral migration” of Jackall and “moral dispersion” of Barnard.

6.3.4 SUMMARY

The System Dynamics Moral Accountability Model and the Moral Contingency Model have provided a useful means to synthesize many of the concepts on ethics and morality presented in this thesis. I believe that this work could be continued on several fronts. Verification of the system dynamics models and the Moral Contingency Model that have been presented would be very useful. One way to do this would be to interview a variety of experts in the field of organizational human behavior. In addition, more extensive field interviews in various industries would be quite helpful. The system dynamics models could be further developed by incorporating effects that I may not have thought of. They could also be improved by more sophisticated modeling features such as stock and flow characterization and the implementation of functional relationships (similar to the Moral Contingency Model) to make a predictive tool that may be used for testing various management decision scenarios.

6.4 CONCLUSIONS

In my experiences in the military, private industry, and the Department of Defense, I have seen many examples of ethical and unethical management and leadership. These experiences reflect elements from each chapter of this thesis. While underlying cultural or organizational assumptions are an important consideration when interpreting the behavior of leaders and members of organizations, I find it helpful to also consider human nature as well. And, in my view, benevolence and selfishness are the two contending attributes of human nature that relate most directly to moral and ethical behavior.

This view of human nature is supported by my life experiences, and, I think, supported by the literature review and interviews conducted for this study. These traits of benevolence and selfishness weigh against each other in moral decisions. What people typically call moral action or ethical behavior generally corresponds to benevolence, not to selfishness. The relative dominance of benevolence to selfishness, determines the propensity for ethical choice. While the concept of Natural Moral Law posits that all of humanity has an understanding of benevolence, it has also been understood from ancient times that humans do not necessarily act in such a fashion. Ethics in both religion and philosophy emphasizes training so benevolence will be chosen over selfishness. To recognize benevolence over selfishness requires a reason and, as I have argued, some form of consequence or accountability process for adhering to or violating a moral standard. Whether the

consequences are that a person will fall into disfavor in the community, bear punishment by law, or answer spiritually, such perceived consequences will constrain the desire to act selfishly.

Moral relativism, in my view, contradicts classical ethics because, by definition, it holds that an absolute moral standard does not exist (or is not knowable). There can be therefore no accountability. Moral relativism, I believe, makes it difficult to weigh benevolence against selfishness. The choice of action is likely to depend on circumstantial factors such as the level of perceived personal gain or transitory emotional state such as revenge, rage, anger or greed. The relativism that is now popular in secular society seems to affect the underlying assumptions of leaders. As Jackall points out, few discussions ever occur about moral values in the work place. Many people seem to believe that it is unjust to impose moral values yet, at the same time they expect to be treated with benevolence. The sociocognitive structural view of Kohlberg suggests that our societal relativism would tend to fixate individuals at lower (immature) stages of moral development.

In my view, if morality is relative, then there are no moral standards that are rationally defensible. Like Jackall, I believe that those who try to behave in morally admirable and consistent ways in contemporary organizations tend to fall behind those that do not. But, unlike Jackall, I believe that in the long run, moral consistency and moral standards are, as Barnard asserts, fundamental to effective leadership. Without standards and consistency, organizational members will be

motivated by fear and anxiety, not inspiration. The economic failure of Auctor Corporation was a good example of these consequences. Authentic leadership, in my view, is defined as the ability to inspire people to act benevolently rather than selfishly. To accomplish this, a leader must act consistently within a set of explicit moral standards. The moral values that serve this role well are: honesty, integrity, respect for others, trust, fairness, and concern for the welfare of others. However, it is not easy for leaders to maintain consistency to moral values. Political and economic pressures, as well as selfish temptations to deviate, increase as one gains power and influence. We have all seen examples of people that change their moral character as their power increases. Jackall's report is replete with such stories of managers whose upward mobility is marked by a change in moral values to meet the demands of their superiors. Accountability is to those above one in the organization, not to personal standards. Positional power overrides personal accountability structures.

As a leader's accountability to moral standards lowers, moral flexibility increases. The resulting moral relativism drives the decision process and selfishness overcomes benevolence. Selfish behavior becomes habitual if there are few perceived (or real) consequences. But if a leader is committed to the welfare of people in the organization, then, I believe, consistent accountability to moral values takes precedence over corporate profits, power seeking, and economic efficiencies. This, however, can be complicated particularly (as Barnard points out) for executive managers. As pointed out previously, the implication of Kohlberg's stage theory of

moral development suggests that managers at low or intermediate stages cannot function at higher stages. Thus they would be incompetent for the presumably higher levels of moral decision making that are necessary in the functions of the executive (according to Barnard). To resolve this, I believe, manager training in ethical thinking can be helpful. Especially training that incorporates self-assessment of moral behavior. The use of system dynamics and analytical models such as those I have presented here, may be useful in this regard. Also, manager education in the formal moral philosophy's, I believe, can be very useful.

The best leaders I have seen, especially senior leaders, have a commitment to moral values that is supported by a willingness to be accountable to others. They also have a firm grasp of a rational framework that underlies their moral convictions. They are conscious of their impact (good and bad) on others. But it is risky for a leader to assume that their commitment to moral values will remain unchallenged as they advance in an organization. Leaders must regularly reflect on their moral values and look to see how consistently they are putting them into practice. Creating an accountability network of like-minded colleagues can be an important, perhaps vital, part of this process. The leader must also be committed to maintaining the same moral values in their private life as in their public life. In my view, bracketing private and public behavior into different moral standards is a prescription for failure as a leader. One cannot serve two standards without compromising the stricter standard in favor of the looser standard.

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APPENDIX A

ETHICAL VALUES QUESTIONNAIRE PROTOCOL

Explain the framework for the study (use Schein's model for organizational culture).

Explain the research focus is on the ethical and moral values of an organization and its leadership. The associated beliefs behind those values and the role of leadership in establishing them in the organization are of primary interest. Of particular interest is the worldviews of the leadership and of the organization members.

1. How large is your organization?
2. What is the general work area?
3. What is the general expertise profile?
4. Primary Questions:
 - A. Are values important? Are they relevant?
 - B. What kind of values are important and why?
 - C. Are values absolute or situational? How much can they change?
 - D. If values are relevant, how does a leader operate in them?
 - E. How does a leader instill values in an organization? (Is this even important? If values are relevant, do they need to be instilled or are they intrinsically manifested, i.e., through the natural consequences of organizational rules?)

5. Does your organization have an espoused set of core values? Are they written down? Are they well known in the organization?
 - A. Can you differentiate espoused values versus values in use?
 - B. What are the underlying assumptions giving rise to these values?
 - C. Have values evolved over time?
6. Do these align with your personal core values?
7. How do these values relate to ethical and moral behavior expected of employees in your organization? Do you explicitly try to look for these when recruiting?
8. How do the values of leaders affect the ethical and moral values of the organization?
9. Are there conflicts of values and beliefs in your organization?
 - A. Any specific examples that you can describe?
 - B. Are there difficulties or challenges among employees or management with regard to relativism or situational ethics versus a view of absolute right and wrong?

10. Do you know what the underlying assumptions of the founders may have been with regard to ethical and moral behavior and conduct.

A. Were these explicitly espoused as important by the founders in the beginning?

B. Were they maintained over the history of the organization? How?

11. Have you had a conflict of values that challenged your ethics?

A. For example, pressure to produce R&D results or a new product with the threat of losing funding and possibly losing work to a competitor, may cause temptation to exaggerate or conceal progress?

B. What if there was pressure to keep highly valued employees funded or risk laying them off and losing talent?

C. Is pressure for meeting profit margin a cause for ethical dilemmas?

12. Are there generational gaps effecting underlying assumptions and values in your organization? Do these cause conflicting pressures in ethical or moral context?

13. Are there subculture value differences in the organization and do they cause ethical conflict?

14. How are critical events coped with in your organization?

- Are disagreements handled on a fairly open basis or is there a trend for differences to go underground?

15. What kind of learning environment exists in your organization?

A. How are values taught?

B. Are stories used? Do you have organizational hero's?

16. What is your view on the issue of personal and organizational alignment of values and ethics of a leader?

- What role does the leader play in teaching values to organizational members?

17. What challenges does your organization face in the short and long term?

- Is growth an objective?