

Oh, Grow Up!

A Model for the Moral Development of Organizations

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It is remarkable that for all of the attention paid to the moral development of children and adults there has been so little attention paid to the same issue as it applies to organizations. Yet there is reason to believe that the lessons of human moral development are imminently applicable to that most human of entities, the organization.

Individual Moral Growth

What is now commonly accepted in educational circles is the idea that *morality develops*. In most individuals, it moves from a dualistic externally derived acceptance of right and wrong (issues defined in “either-or” terms – either right or wrong, good or bad based on rules/authority) to a complex personal profession of deeply held principles. We do not often expect that an adult will obediently behave as we direct, simply because “we said so.”

Moral growth arguably begins from the first day of life, and continues in a progressive fashion until what emerges, at least ideally, is a mature, responsible adult. In fact, what we often mean by the expression, “Oh, grow up!” address moral maturity as much as emotional maturity. Taken together, the various stage theories of moral development that are staples in the educational world can be understood in four critical stages, and are roughly associated with the chronological stages of human (physical/emotional) development.

1. Parental Authority (Prescribed Values)

The emergence of morality is defined by the external authority figure, and exemplified by rules. In the case of children this takes place in the first few years of life and is typically response to parental authority, or parental surrogates. A child learns right from wrong through the example of and the directions provided by the parent, usually accompanied by the threat of some undesirable consequence for disobedience. Ethical development begins with acceptance of prescribed values and concern for the consequences of misconduct. In schools, many teachers enjoy riding the wave of children’s respect for authority when they work with younger children.

2. Ethical Relativism (Peer Reference)

Morality changes its nature as the child matures and realizes that there are other opinions and points of view regarding what is right and wrong than those espoused by parents and authorities. What is often referred to by theorists as “ethical relativism” can also be described as attention to one’s peers – an awareness that others in the world sometimes define right and wrong in other

ways than what was learned at “mother’s knee.” A now adolescent’s reach into the world around him/her is expanding and therefore so are the standards against which right and wrong can be assessed. The standards espoused by peers and others one might choose to respect or admire therefore supplement (some might argue supplant) the wisdom of the parent.

3. Social Contract (Mutual Benefit)

As the person matures further so does the breadth of the references for defining right and wrong. And at some point the (now chronologically adult) individual may realize that what one considers to be right or wrong is really larger than any individual reference point. There are societal definitions and the individual at this stage derives his/her sense of morality from the appreciation that we live in a society and what is right or wrong for others in that society may be equally valid and significant as one considers what is right or wrong for self. The guiding factor may be viewed as a concern for the mutual benefit.

4. Common Good (Mature Responsible Adult)

In some theories, full moral maturation is a rare experience. Regardless of the number of people who achieve it, this final ascent in moral understanding can be characterized by the emergence of a morality of equality. The common good, presumptively even if that means some negative consequences or outcomes for the individual making the choice, prevails. There is an unselfishness in this level of maturity that is rarely found. Right and wrong are expressed as universals, with a delicate balance of understanding differences in tradition and cultural practice or behavior. What is implied in this stage is a willingness for self-sacrifice that goes beyond the common experience (where what passes for self-sacrifice is often self-interest disguised). It is here that we find our saints and heroes.

Finally it should be noted that progress is not absolutely linear. An individual does not neatly plod along the continuum from point one to two to point three or four with nary a backward glance. In fact, it is often argued that in each new setting that a person enters, the steps of moral development are retraced. [Think for a moment about your first day on the job. Remember who knew the most and was *always* right?]

If the theories are correct, and the model does approximate the moral development of the individual, what lessons are there to be derived for better understanding the moral development of that collective human experience we call the organization?

Organizational Moral Development

As we consider moral development in organizations there are three caveats that apply as we consider the moral development model in this context.

First we should acknowledge that, by and large, it is adult humans that create and populate organizations. At the very least, in thinking about organizations, what we might

initially call the early stages of moral growth have more nuances in their conception. Depending on the vision and influence of its founders, even the chronologically immature organization may reflect the moral maturity of its key leaders. That may be the exception which proves the rule, but it would be unfair to characterize every new organization as morally immature.

Secondly, early stages of moral maturity cannot be translated into “lesser” efforts to address ethics by an organization. The keys in moral development theory are *moral readiness* and *response to challenge*. The readiness component suggests that an individual cannot undertake a more complex understanding until the appropriate physiological and social skills are there. Response to challenge implies that a person is not likely to think about ethical issues differently until challenged to do so. The same can be said for an organization. If the ethical challenge exists the organization cannot use its chronological age as a rationale for doing less than the ethical challenge demands. For example, organizations should not presume that a “compliance” approach – doing only what law and regulation require – is appropriate when the challenge demands self-sacrifice for the good of others.

Finally, as we apply the broad concepts embodied in moral development theory, we need to adapt the language of individual moral development to be more suited to organizations. We propose these four approximations:

	Individual Moral Development	Organizational Moral Development
Point 1 – Moral Reference	Parental Authority (Prescribed Values)	Law and Regulation (Legal Imperative)
Point 2 – Moral Reference	Ethical Relativism (Peer Reference)	Best Practices (Pragmatic Imperative)
Point 3 – Moral Reference	Social Contract (Mutual Benefit)	Social Responsibility (Perceptual Imperative)
Point 4 – Moral Reference	Common Good (Mature Responsible Adult)	Highest Ethical Standards (Moral Imperative – Mature Responsible Organization)

Modifying the language, and taking the caveats shown above into consideration, we can present a model that demonstrates a parallel of sorts between the moral development of an individual and that of an organization

1. Law and Regulation (Legal Imperative)

The emergence of morality as defined by the external authority figure. In the case of the organization it is characterized by what are typically called compliance initiatives. These are attempts by the organization to address the demands placed on it by law and regulation. And make no mistake; this is a necessary step for all organizations in the US. There is often a threshold minimum size (15-25 employees) where some elements of employment law, health, safety and environmental regulations apply. Tax laws, licensing regulations and other myriad

externally imposed standards define the minimum behaviors for all organizations to be deemed “in compliance” and thus “good”. Compliance means meeting the *Legal Imperative – doing the right thing, as defined by external authority, because there are sanctions for doing the wrong thing.*

2. Best Practices (Pragmatic Imperative)

Morality changes its nature as the organization and begins to address the other opinions and points of view regarding what is right and wrong beyond those imposed by law and regulation. What moral development theorists call “ethical relativism” can also be described as attention to the standards of one’s industry and the practices of successful competitors (peers) and other role models. In the ethics arena we have seen tremendous attention paid to the “best practices” of other organizations. It is a critical element of the Defense Industry Initiative (DII), the Ethics Officer’s Association (EOA) and a recurrent theme at the various organizational ethics conference that are put on annually. Attention to best practices is seen as an efficient and cost effective way of defining moral organizational behavior in very specific terms. As such it meets the *Pragmatic Imperative - doing the right thing because it is good business to do the right thing* (which includes but goes beyond the limits of the Legal Imperative).

3. Social Responsibility (Perceptual Imperative)

As the organization matures further so does the breadth of the references for defining right and wrong. And at some point the more morally mature organization may realize that what one considers to be right or wrong is really larger than any individual reference point. There are societal definitions and adherence to those standards helps to create the organization’s reputation in society. Reputation is a corporate asset and as such it is pragmatic to manage it, so this could be seen as an extension of Best Practices / Pragmatism. But here we are going beyond the obvious reputational elements of quality, dependability, responsiveness and customer care. We are looking at the organization’s reputation for social awareness and responsiveness to social needs, even when doing so may add expense or consume valuable resources. This is morality as defined by Business for Social Responsibility and other watchdog organizations. It looks for organizations to go beyond compliance with law and pragmatic self-interest. It seeks broader societal approval for doing what is right in the areas of human rights, environmental protection, animal rights, corporate citizenship, et. al. It is the *Perceptual Imperative - doing what is right because society expects us to do what is right.*

4. Mature Responsible Organization (Moral Imperative)

Educators define the full maturation of moral development as a rare experience. Only the most enlightened reach the point where they operate from the position that the common good should prevail, even if that means some negative consequences or outcomes for the individual making the choice,. As with individuals, organizations rarely reach this level and none seem to reside there

permanently. Consider the New England-based clothing manufacturer whose factory burned and who decided: a) to rebuild on the same site rather than relocate despite the opportunity to reduce operating costs and, b) to continue to pay all employees their full salary during the months the plant was under reconstruction. When asked why he made these choices, this morally mature business owner simply replied, "Because it is the right thing to do." For those organizations that do reach this level they can be said to be operating from the *Moral Imperative* – *doing the right thing because it is the right thing to do*.

So what?

What, then, does all this mean for an organization? There are at least four implications as organizations consider how to assess their current level of moral development and to encourage their continuing moral development.

1. Organizational focus on compliance fosters a "compliance mentality" among employees. Recent research by the ERC Fellows Program suggests that compliance-oriented ethics programs encourage employees to make other organizational decisions according to the letter of the law, regulation, policy or procedure. This may in fact stymie both the moral development of the employee *vis a vis* their role in the workplace and that of the organization itself. If the moral model is, "Do it because I said so," we are perpetuating immaturity.
2. The focus on best practices is as limiting for organization as peer reference is for adolescents. What is a best ethical practice varies considerably and the reference point is critical. A best ethics management practice among tightly controlled and supervised companies in one industry might not be an appropriate practice for an organization in a more dynamic, open and innovative institution. Peer reference in organizations is far short of the moral ideal organizations should be pursuing. It too stymies moral development in that it lacks the challenge to grow beyond the standard set by one's peers.
3. The definition of social accountability is continually evolving and requires continuing ethical evolution by organizations, just to say where they are relative to society. Where it may have been adequate just to be environmentally sound several years ago, the definition of social consciousness is expanding. The demonstrations against the World Trade Organization and World Bank in the past years exemplify the vast array of social agendas that organizations must now address to be deemed ethical from health, safety, environment to rule of law, sustainable development, human rights, animal rights, child labor practices, respect for local/national cultures and others. It requires an organization sufficiently morally developed to see past enlightened self-interest to a broader, societal understanding of the right thing to do.
4. But there is still room for moral growth. Even when society has not settled on what is the right thing to do organizations can rise to a level of morality where

they and their leaders know what is right. The most fundamental values and principles come into play: honesty, integrity, courage, honor, citizenship, responsibility, accountability, fairness, respect and compassion. These organizations are willing to go beyond anyone's reasonable expectations and do what is right, simply because it is what is right.

But Wait...There's More!

It's not enough to realize that an organization shouldn't rest with the establishment of systems designed to ensure compliance with law and regulation. There is more to be learned from the moral development theorists than the pitfalls of limiting an ethics initiative to the black and white application of prescribed rules and regulations.

Organizations are made up of individuals, and we know that each person in the world is developing his or her own personal moral views. What's more, one of the critical factors in individual moral growth is exposure to people who think differently, and act differently. For many adults the primary setting where we have the opportunity to interact with others who might challenge our beliefs and practices is at work.

It is our contention that organizations and their employees exist in a sort of moral symbiosis. In the ideal case the most ethically developed individuals will challenge their peers and their employers to stretch and mature. The most ethically developed organizations will contribute to the moral maturation of their less developed employees.

Unfortunately the converse can also be observed, with both organizations and their employees encouraging each other to seek the lowest common moral denominator. Therefore, organizations need to attend to the moral development of their employees, no less than to their professional, technical or intellectual development.

For those organizations engaged in formalized ethics initiatives the lesson from moral development is to:

- Recognize the value of moral maturity
- Understand the process needed to increase the organization's moral maturity
- Develop the capacity to morally mature as an organization, and
- Actively manage the process to the benefit of the organization, its employees and other stakeholders, your industry and ultimately to us all.

The closing equation suggests that organizational maturity both leads to and follows individual moral maturity. Managing your organization such that it grows towards being a mature responsible organization presumes leadership being provided by mature responsibility adults and the ongoing development of all employees towards that same level of maturity.

The conclusion we draw from the above is that indeed there is a lesson in moral development for organizations that can be learned through the study of individual human moral development. The processes, while similar, are not exact parallels. But that lack of exactness does not discount the value of the lessons.

- There are observable stages with predictable behaviors.
- Each stage has its benefits and shortcomings.
- The process is not precisely linear, although there is a general trend towards increasing moral maturity in most cases.
- The process is life long.
- Just as humans should continue a life long pursuit of moral maturity, of being mature responsible adults, so should organizations maintain their own ongoing pursuit.

This parallel is clear. The quest for moral maturity is a journey with no end. It is a lifelong learning process whether for an individual or a corporation. In that regard organizations are very much like humans – on a continuous path towards the goal of moral maturity – of growing up to become a mature responsible organization.

The Revised Maturity Model

This suggests another way of representing moral maturation of both individuals and organizations:

Consider...

Mature Responsible Individual	Mature Responsible Organization
Global Good	Global Integrity
Social Good	Social Responsible
Peer Reference	Best Practices
External Authority	Compliance

Conclusion

There is a benefit to an individual in recognizing his or her moral behavior and the level of moral maturity it represents. Ideally, as individuals we would aspire to the highest attainable level of moral maturity – seeking moral development – as with grow in wisdom and experience.

Until now there has been very little attention to moral development theory as a tool for understanding organizations. To the contrary, there has been a good deal of energy

invested in promoting peer reference (best practices) as a desirable goal. The highest ideal that is currently within most organization's field of reference is "social responsibility" and that is often seen as the ultimate in moral development.

Often, with wisdom and maturity comes a new vision and we suggest that it is time to raise our eyes, see further and higher. The social responsibility agenda continues to expand and new agendas are raised, legitimized and ultimately integrated into the generally accepted organizational definitions of the right thing to do.

So, what should be the minimum standard for doing the right thing? When will compliance and being as good as one's peers be so patently obvious as to be less than minimally acceptable? When will being socially responsible be the norm?

Some organizations will lead, to raise the bar, to choose to do what is right even before others demand it of them. Perhaps as we build our understanding of moral development as a concept that can be applied to organizations we have a vocabulary to describe their attainment and a conceptual framework to both understand where they are in their moral development and a sense of how we might follow.