The Moral Dimension of Organizational Culture

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ABSTRACT. The lack of concrete guidance provided by managerial moral standards and the ambiguity of the expectations they create are discussed in terms of the moral stress experienced by many managers. It is argued that requisite clarity and feelings of obligation with respect to moral standards derive ultimately from public discussion of moral issues within organizations and from shared public agreement about appropriate behavior. Suggestions are made about ways in which the moral dimension of an organization's culture can be more effectively managed. This is the third in a research series of three papers.

After analyzing discussions by a sample of managers about the moral issues that have arisen in their work, we have described in the second paper in this series how their views regarding these issues involved reference to seven distinct moral standards. However, making explicit or implicit reference to moral standards is not the same thing as acting in keeping with them. It is a commonplace observation that illegal and unethical acts frequently occur in corporate settings (see, for example, Ross, 1980). Our research was not directed toward assessing the frequency of immoral behavior and our open-ended personal interview methodology undoubtedly encouraged what might be described as over-discussion of situations in which the respondents behaved in keeping with moral standards. Nevertheless, almost half of the cases reported in the interviews concerned either immoral behavior, morally ambiguous behavior or morally uncertain behavior as judged by the managers themselves. In a common-sense way, it seems reasonable to suggest that the apparently well-accepted and highly visible moral standards described in the previous paper are routinely violated by many managers in many settings. In this paper we seek to understand and to explain better why these widely accepted moral standards sometimes lack potency in influencing managerial behavior. Our objective in doing so is to develop proposals for ways to strengthen the moral dimension of an organization's culture.

We will suggest that many managers experience what we have termed "moral stress". They recognize moral issues in many of their everyday decisions and actions but often remain unclear about how they should act in a given situation. We will argue that this condition exists both because of lack of clarity about practical, specific behaviors that are appropriate in various situations, and because of uncertain feelings of obligation to act in accord with moral standards.

Overall we will describe the moral milieu of managers as an ironic one, where common views are not held in common. Managers as individuals often share similar views regarding morally appropriate standards, but these views tend to be held privately and tacitly, and not collectively and publically.

We will argue that requisite clarity and feelings of obligation stem ultimately from public discussion of moral issues facing people within a particular organization and from shared public agreement about how people within that organization are to behave in various situations. From
this perspective, we conclude the paper by examining some ways by which a concerned senior manager might begin to manage the moral dimension of his or her organization's culture.

In their own words, some examples of how the managers discussed the need to make judgments about the appropriate costs to bear are as follows:

Moral stress: conflicting and ambiguous demands

Managers feel accountable not only for carrying out their organizational role responsibilities but also, when confronted with a moral question, for determining which moral standards are salient, which should be given preeminence when two or more standards seem in conflict, and what specific actions should be taken in response. Moreover, they often must decide what kinds of costs, to themselves and/or to their firms, ought to be viewed as acceptable in dealing with the question.

Contrary to the long-run perspective of the "it pays to be good" school of thought (Mintzberg, 1983), the interviewed managers frequently described the moral decision as one which had or would have been costly to them or their firms. Sometimes, they said, when they were candid and critical about the way others acted, they in turn were censured or ostracized. When they were forthright regarding job appraisals, then they had to bear the burden of difficult personnel decisions. More frequently, these managers talked about incidents where moral actions were or would be costly to their firms. If they were to avoid unjustified differential pricing, then their firm would lose money. When they upgrade toilet facilities and improve working conditions, the firm's capital requirements are increased. If they were to reduce the prices for goods whose quality had been modestly lessened, then the firm would lose needed revenues. If they were to index pensions, then they would have to take funds away from other activities to help already retired workers. If they did not bluff when negotiating with customers and suppliers, then they might not get the contracts they wanted and needed or get them with the best terms. In relation to all these incidents, managers were aware that it costs to act morally and additionally that they ought to avoid unnecessary, excessive, and unproductive costs.

We recently replaced a 60 year old receptionist who had been reliable and honest, but the job changed such that we wanted more than just a receptionist and wanted someone who could be a cleric-typist. What investment can I make in training a 60 year old person? (I.B.2)

We try to keep our washrooms updated and modernized, and have good clean eating places for our employees. But you can't spend all your money on that; you have to keep production up and costs down. If you lay them off, they're not going to worry too much if they have a polished marble table to eat off (I.C.3).

Like the airlines, we have to oversell space to anticipate the no-shows (III.B.6).

It's troubling to lay people off, knowing that their severance benefits and unemployment compensation will soon be used up; some of the people were second and third generation employees. (I.B.7)

When the managers' implicit statements about moral standards are viewed as a composite, the picture that emerges is one of ambiguity and competing principles. Managers talk about the need to deceive as well as the need to tell the truth. They talk about the need to show special consideration for special circumstances as well as the need to treat all others fairly and impartially. They discuss the need to compete aggressively, seeking every possible advantage vis-à-vis customers, suppliers and competitors, as well as the need to observe and conform to standards of fair competition.

Moreover, even these competing or bi-valent principles are exceedingly general in that, by themselves, they do not always clearly point towards specific forms of appropriate action. When does legitimate bluffing or concealment of a basic position in negotiations with a customer or supplier or employee become inappropriate dishonesty in communication? When does legitimate preferential treatment for special classes of customers, suppliers or employees become unfairly discriminatory to others? When does avoidance of certain widespread yet questionable selling practices become a breach of