DEVELOPING MORAL CHARACTER AT WORK:  
A RESEARCH AGENDA

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ABSTRACT

This article highlights three issues for theorists and researchers to examine more deeply in the emerging field of moral psychology and organizations. First, most people long for employment in an ethical organization and have a relatively solid understanding of what is needed to create an ethical organization. Yet we have not fully achieved a society overflowing with ethical organizations. What prevents managers from implementing policies, structures, processes and reward systems that encourage ethical behaviors? Second, one important obstacle is every person’s moral imperfection. Even those individuals who yearn for moral perfection continually come up short. How can work be used as a path leading toward moral perfection and character development? Third, continuous improvement toward moral perfection requires measures and benchmarks. What are the best measures for determining a person’s level of moral reasoning, ethical behaviors, and ethical outcomes?

Keywords: Ethical Organizations, Moral Reasoning.

INTRODUCTION

Life is limited by time and other factors. I envisioned many future possible career scenarios while a University of Pittsburgh doctoral student studying business ethics in the late 1980s. During the past twenty years, some of my goals have been achieved, some goals are in the process of being achieved, and some goals will not be achieved. For a variety of reasons, one of my not-likely-to-be achieved career scenarios is directing the business ethics research agendas for waves of highly motivated doctoral students.

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But if I did teach a business ethics research seminar for doctoral students interested in moral psychology and organizations, I would have them design and implement research studies that addressed the following three questions: (1) How can employees overcome barriers to creating ethical organizations? (2) How can employees perfect their moral character while employed by organizations? (3) How can managers better measure personal ethics at work? Each of these issues is expanded on in this article.

**ISSUE ONE: BARRIERS TO IMPLEMENTING THE IDEAL**

At the beginning of the first day of my adult Business Ethics course I ask students: “If you were the CEO, what policies, structures, processes, and reward systems would you put in place to maximize ethical behavior within your organization?” Each student volunteers one item until all ideas have been listed on the board. I systematically reorganize their organizational design suggestions and we end up with something like the “Optimal Ethics Systems Model” in Figure 1 (Collins, 2009a).

![Optimal Ethics Systems Model](image-url)

Figure 1. Optimal Ethics Systems Model.
Attributes of an organization seeking to maximize ethical behaviors and minimize unethical behaviors include:

- hiring ethical job applicants,
- introducing new employees to the organization’s Codes of Ethics and Conduct during job orientation,
- training employees in ethical decision-making,
- conducting ethics training at least once a year, including discussions about real-life ethical dilemmas employees encounter,
- diversifying the employee base and ensuring that the dynamics of diversity are understood and respected,
- institutionalizing ethics reporting systems such as a hotline, Ethics Officer, and ombudsman, to help address ethical issues as they arise,
- managers serving as moral role models,
- including an ethics component in employee work goals and performance appraisals,
- involving employees in decisions that directly impact them and sharing the financial gains associated with their efforts,
- managing and assessing the organization’s impacts on the natural environment,
- contributing to the well-being of the local community by donating money, products, services, and employee skills, and
- assessing and continuously improving each of the areas listed above.

Organizations embodying these policies, procedures, processes, and structures will achieve superior ethical performance, as well as superior organizational performance.

Every semester my students benchmark their organizations to these “best practices.” Approximately 10 percent (two out of twenty students) will report that their organizations do very well in many of these areas, about 50 percent report their organizations do some of these, and 40 percent report that their organizations do only a few, if any, of them.

I also ask my adult students if they prefer to be employed by an ethical or unethical organization, all else being equal (such as wages and work challenges). This is a no brainer. People desire to be employed by ethical organizations. Even people with questionable ethics yearn to be treated with respect and admit that the Golden Rule of “Do unto others as you want done to you” is a very compelling ethical principle to apply.

Many people know the attributes of ethical organizations and desire to be employed by them, yet society is composed of many organizations that do not embody these policies, structures, processes, and reward systems. Theorists and researchers should more thoroughly examine why managers in many organizations do not follow-up on this apparently self-evident knowledge. What are the barriers preventing managers from designing ethical organizations? How can these obstacles be appropriately managed?

**ISSUE TWO: WORK AS A PATH TOWARD MORAL PERFECTION**

One implementation barrier is the apparent lack of consensus among organizational leaders that life is all about practicing kindness and continuously improving other moral
virtues while at work. I am a terminal cancer survivor and for several months spent a significant amount of time speaking with people who knew they would soon die. For the most part, people content with the inevitability of their upcoming death tended to be those who lived relatively moral lives – kind people who did many nice things for others. People fearful of death tended to be those who actively engaged immoral pursuits.

A second area of needed research is how organizations can be designed as places where employees consciously learn to develop their moral character, and practice moral virtues, through daily interactions with superiors, peers, subordinates, owners, customers, suppliers, and the natural environment. Organizations are an opportune environment for humans to become better people. Every day employees must manage problems in the pursuit of organizational effectiveness and efficiency. Each problem is an opportunity to exercise, and further develop, one’s moral character.

**MORAL IMPERFECTION**

Are there any morally perfect human beings walking the earth? No. Moral perfection is an aspiration, not an accomplishment. People who have consciously chosen to travel the “moral” path – those seeking to maximize the practice of moral virtues and eradicate their own moral imperfections on a daily basis – realize that moral perfection is a moving target. The more a person advances along this path the more a person realizes the depth of his or her moral imperfection, similar to the way that the more people learn the more people realize the depth of their ignorance.

People, born with free will, make thousands of decisions every day. Many of our decisions may be very admirable, but not all of them. All humans occasionally exercise their free will based on morally questionable motives or in a way that generates morally questionable consequences. Sometimes our actions are selfish, greedy, envious, lustful or not fully truthful.

We can only speculate why every person morally stumbles. A significant number of philosophers, theologians, and psychologists trace our moral imperfections to birth. Babies are born as morally neutral bundles of biological needs (food, water, air) and psychological needs (love). How they pursue fulfilling these needs are subject to parental moral judgments. For instance, a hungry baby can appropriately eat the food on his or her plate, or inappropriately grab someone else’s food. Babies learn that need fulfillment strategies parents praise are “good” and those parents criticize are “bad.” Some parental judgments are morally suspect because parents are morally imperfect.

Morally imperfect babies seeking the fulfillment of self-interested needs become morally imperfect children and teenagers within an environment peopled by morally imperfect siblings, friends, teachers, ministers, and other authority figures, each of whom has a unique conceptualization and embodiment of right and wrong. Add to this mix a media that highlights, and at times glorifies, moral imperfections.

Morally imperfect adolescents apply reason to determine which guiding principles, based on their own personal experiences and psychological sensitivities, seem morally appropriate. No two adolescents are moral twins; each person develops a unique set of moral opinions and boundaries. Adolescents evolve into morally imperfect adults who rely on their unique set of
guiding principles to reach workplace decisions – “I should always work hard,” or “I will only work hard in certain situations,” or “People who work hard are fools!”

The accumulation of acts based on morally imperfect motives or consequences creates psychological harm. Some people realize this, some do not. Some people further realize that they should morally heal themselves prior to death.

**THE ROLE OF ORGANIZATIONS**

Where can moral healing and moral character development take place? Common avenues include churches, psychotherapy, meditation, or volunteerism.

But adults spend an inordinate amount of time at work. How can work be conceptualized and operationalized as a spiritual practice for moral healing and character development?

Well-managed organizations have a clearly stated broad mission, such as the triple bottom line (financial performance, social performance, ecological performance), or assess performance based on a balanced scorecard (financial perspective, customer perspective, internal process perspective, innovation, and learning perspective). How can these broad integrated work perspectives, which recognize the complexity of human existence, be expanded to include the need for each employee to take personal responsibility for repairing his or her moral imperfections?

All of humanity is a broken family. When a person’s heart vertically unites with a universal conception of goodness or conscience, the person’s heart horizontally embraces humanity, where everyone becomes a neighbor worthy of service. This generates joy, spiritual growth, and high quality moral choices.

Relationships with bosses, peers, subordinates, owners, customers, suppliers, and the natural environment are all opportunities for individualized moral healing, and the healing of the human species. Learning how to love our neighbor as we love ourselves should be part of employee development. We need to know how places of employment and help people achieve moral progress in a more systematic, and intentional, manner.

**ISSUE THREE:**
**MEASURING LEVEL OF MORAL REASONING AND ETHICAL BEHAVIORS AND OUTCOMES**

People focus on what is measured and rewarded. Researchers need to more fully develop two types of ethical measures: (1) level of moral reasoning and (2) ethical behaviors and outcomes (Collins, 2009b). These measures can help employees:

1. Determine the ethics of job candidates and other employees
2. Understand how to motivate and persuade individual employees
3. Benchmark continuous improvement

First, people responsible for hiring employees should obtain information about four job candidate attributes: experience, intellect, energy, and ethics. A job candidate’s ethical skills
are as important as her or his technical skills. People bring their ethics to work with them, along with their labor and knowledge skills. Hiring one unethical person can corrupt an entire organization.

Second, knowing a person’s level of moral reasoning helps to determine how to present arguments that the other person finds compelling. Managers need to be skilled in framing and communicating issues within the ethical language an employee uses to interpret the rightness or wrongness of a particular act or policy. For instance, an egoist cares primarily about their self-interests and not how an action impacts the greatest good. To persuade an egoist, an argument needs to be framed in terms of an act being beneficial or detrimental to the person’s self-interest. Arguing that something should be done because of its impact on the general welfare of society is only compelling to a utilitarian.

Third, as discussed earlier, work is an opportunity for continuous moral development. Employees need a tool to benchmark, and assess, their current levels of moral reasoning, and ethical behaviors and outcomes.

The following sections describe some of the measurement research for the level of moral reasoning and ethical behaviors and outcomes. These measures need to be improved for convenience, reliability, and validity.

**LEVEL OF MORAL REASONING**

Employees experience many situations on a daily basis where rules are ambiguous, unknown, or not applicable, and they must rely on their moral judgment to determine what action should be taken. Complex issues require a sophisticated degree of moral reasoning.

Lawrence Kohlberg’s six levels of moral reasoning can be reformulated to correspond with the five primary ethical theories, and thus reduced to five levels of moral reasoning (Collins, 2006). These are: egoism (my self-interests), social group relativism (my group interests), cultural relativism (my culture’s interests, mostly defined by its laws), utilitarianism (greatest good for the greatest number), and deontology (universal rights and duties). Deontology and utilitarianism are typically categorized as being the highest levels of moral reasoning, and they represent the type of reasoning people expect of their leaders. Society benefits, for the most part, when decision-makers respect the rights and integrity of all stakeholders (deontologists) and consider how their actions impact the general welfare (utilitarianism).

Researchers report moderate statistical associations between level of moral reasoning and moral action (Loviscky, Trevino, and Jacobs, 2007; Thoma, 1994). One would hope that a deontologist or utilitarian would behave ethically. However, some of the worst human rights violations, such the enslavement of blacks in the United States or killing of Jews and homosexuals in Germany, were justified on the grounds of a competing duty or for the greatest good. Further complicating matters, a strident Ayn Rand egoist is likely to behave very ethically because she or he is very concerned about personal integrity. Fictional characters in *Fountainhead* (Rand, 1943) and *Atlas Shrugged* (Rand, 1957) with the greatest personal integrity are egoists who pursue their self-determined professional dreams in opposition to coerced altruism.
Kohlberg and his colleagues developed a “Moral Judgment Interview (MJI),” a 45-minute semi-structured interview that involves coding responses to an individual’s verbal response to three hypothetical ethical dilemmas (Colby and Kohlberg, 1987). A major virtue of MJI is that respondents express their own moral reasons for justifying a particular action. MJI, however, is not practical for a Human Resources Department because of the complicated and time-consuming 24-step response coding procedure. Kohlberg’s scoring manual numbers more than 800 pages.

James Rest (1979), an Educational Psychology Professor, simplified Kohlberg’s scoring process by developing the Defining Issues Test (DIT). The multiple-choice moral reasoning survey consists of six one-paragraph hypothetical ethical dilemmas that can be group-administered and computer-scored. The respondent chooses a preferred behavior and then evaluates a list of reasons for justifying such action. Multiple ethical dilemmas are provided to determine consistency and trends in the individual’s reasoning process. The ethical dilemmas use a third person format (John or Sue is faced with this situation) to reduce social desirability measurement problems. The DIT is a well-validated and reliable instrument that has been used in hundreds of studies (Bebeau, 2002; Rest, Narvaez, Bebeau, and Thoma, 1999; Thoma, 2006).

DIT-2, an updated version of DIT, consists of five dilemmas, some of which are related to a business situation. The dilemmas were revised for a contemporary audience. For instance, rather than Heinz having to break into a pharmacy to steal a life-saving drug, the dilemma has been changed to a poor farmer who considers stealing food from the owner of a food warehouse to feed his starving family. The other four dilemmas are about a newspaper reporter deciding whether to report a damaging story about a political candidate, a school board chairperson deciding whether to hold a contentious and dangerous open meeting, a doctor deciding whether to give an overdose of pain-killer to a suffering but frail patient, and a college student deciding to protest U.S. foreign policy.

Respondents are asked whether the individual facing the dilemma should act in a particular manner (i.e., “steal the food from the food warehouse to feed a starving family”), to rate a list of reasons based on their importance in arriving at the moral decision, and to rank order the four most important reasons the decision maker used. This forces the respondent to choose one level of moral reasoning as being the most important.

These responses are calculated into a “P-Score” and an “N2-Score.” The P-Score, meaning “Principled Judgment,” is the percentage of times the respondent uses the highest levels of moral reasoning, Kohlberg’s post-conventional stages 5 and 6. The N2-Score modifies the P2-Score by taking into consideration the respondent’s rejection of self-centered reasons (Kohlberg’s stages 2 and 3). The higher the P and N2 scores, the more sophisticated an individual’s moral reasoning and the higher the stage of moral development. The “N2-Score” is considered more useful because it takes into consideration both post-conventional and pre-conventional responses (Walker, 2002). Almost all research using DIT or DIT-2, however, only report P-Scores.

Researchers have criticized the DIT for several reasons, and each time DIT proponents have provided an adequate defense or made appropriate revisions to the measurement instrument (Thoma, Narvaez, Rest, and Derryberry, 1999; Rest, Edwards, and Thoma, 1997; Rest, Narvaez, Thoma, and Bebeau, 1999). For instance, the DIT had been criticized for a political bias—political “liberals,” compared to “conservatives,” were more likely to choose the highest principled reasons. This undesired relationship is much less for the DIT-2 (Bailey,
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Organizations would benefit by having several DIT-2 type dilemmas for specific job functions (such as accounting, marketing, finance, etc.). Linda Thorne (2000) created four ethical dilemmas for auditors: being instructed to modify negative client information, assisting a client to recruit a CFO, disclosing relevant client information to another client, and disclosing a substantial management fee in a related party transaction. Thorne’s published research study provides the list of twelve moral concerns, each associated with a stage of moral development, but does not provide an explanation of the scoring system.

A Managerial Moral Judgment Test (MMJT), based on DIT-2, has been designed specifically for use by Human Resource personnel (Loviscky, Trevino, and Jacobs, 2007). MMJT consists of six business related ethical dilemmas: misuse of sick days, funding employee training, providing substandard product quality in order to meet an important deadline, providing negative feedback to an abrasive employee, reporting a budget mistake, and a promotion decision. MMJT requires additional scholarly testing for validity and reliability.

The Moral Reasoning Inventory (MRI) is another new survey influenced by DIT-2. MRI consists of two ethical dilemmas, both of which are about responding to an unethical boss, followed by eight justifications for either obeying or not obeying the boss (Weber and McGivern, 2010).

These initial moral reasoning survey efforts need to be more fully developed. Organizations and scholars need a moral reasoning level survey that is relatively easy to implement, links specific option choices to specific levels of moral reasoning, and based on responses to relevant organizational or professional ethical dilemmas.

**ETHICAL BEHAVIORS AND OUTCOMES**

As noted above, reasoning in a morally sophisticated manner does not necessarily mean that the person will then choose the most moral action. The gap between ethically knowing and ethically doing is dramatized in an infinite number of novels, movies, and biographies. Sometimes individuals know what is “right” and then do what is “wrong.”

Managers need survey instruments that measure actual ethical behaviors. Three promising measures of ethical behaviors and outcomes are: (1) integrity tests, (2) conscientious scales, and (3) organizational citizenship behavior scales. These scales need to be improved and other scales developed.

**INTEGRITY TESTS**

Integrity tests, sometimes referred to as honesty tests, ask job candidates about their behaviors and attitudes regarding unethical workplace activities, such as theft. There are a wide variety of integrity tests (Murphy, 1993). The most useful types are:
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- Direct admission of performing an illegal or questionable activity: “I stole money from my previous employer.”
- Personality traits related to dishonesty: “I constantly think about stealing from my employer.”
- Reaction to a hypothetical situation featuring dishonest behavior: “If I saw an employee steal money, I would ignore the situation and wait for the boss to find out.”

Researchers have found that individuals with low integrity test scores at the time of employment, compared to those with higher scores, are more likely to later engage in theft, have high absenteeism, break rules, cheat, and become disciplinary problems (Bernardin and Cooke, 1993; Berry, Sackett, and Wiemann, 2007; Ones, Viswesvaran, and Schmidt, 1993). One company used integrity tests to screen job candidates in 600 of its 1,900 stores and then compared inventory theft and employee turnover between the two groups of stores (Krohe, 2006). The outcome differences were dramatic. After one year, the group of stores using integrity tests experienced a 35 percent decline in inventory loss and 13 percent decline in employee turnover, while the stores not using integrity tests experienced a 10 percent increase in theft and a 14 percent increase in turnover.

Researchers have also pointed out that integrity tests have a social desirability bias that could screen out more honest job candidates (Alliger and Dwight, 2000; Berry Sackett, and Wiemann, 2007). The socially desired integrity test answer is often obvious and, as a result, dishonest individuals who lie while taking the test can score higher than honest individuals who readily admit their moral imperfections. For example, a common integrity test statement is: “I am a trustworthy person.” A dishonest person wanting the job would lie by choosing the socially desired correct answer: “Strongly Agree.” Meanwhile, an individual of high integrity, remembering a few untrustworthy past behaviors, might choose “Agree” to honestly note personal moral imperfections.

**CONSCIENTIOUSNESS**

Conscientiousness is a particularly noteworthy measure because it is strongly associated with job performance (Mount, Ilies, and Johnson, 2006). Individuals who behave ethically also tend to be responsible, dependable, and hardworking. Survey items that measure conscientiousness include:

- Am always prepared
- Pay attention to details
- Make plans and stick to them
- Neglect my duties [negative relationship]
- Often forget to put things back where they belong [negative relationship]

As with integrity tests, personality tests can be prone to eliciting socially desirable answers because the character trait being measured is somewhat obvious. Conscientiousness scores can be verified with a reference check.
ORGANIZATIONAL CITIZENSHIP BEHAVIOR

The concept “Organizational Citizenship Behavior (OCB)” refers to helping behaviors that go beyond normal job requirements, such as aiding others with their job-related problems. OCB is most often measured using five factors: altruism, courtesy, civic virtue, conscientiousness, and sportsmanship.

Researchers report that individuals who score high on OCB also score high for task effectiveness, and being optimistic and team-oriented (Bolina and Trunley, 2003).

CONCLUDING COMMENTS

What research topics should the emerging field of moral psychology and organizations examine? This article strongly recommends three practical areas that could greatly enhance an organization’s ethical performance. Managers need to know:

(1) How to overcome barriers to creating ethical organizations
(2) How employees can perfect their moral character while employed by organizations
(3) How to measure personal ethics at work

I look forward to providing constructive feedback on manuscripts that address these topics.

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