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Compliance Vs. Self-Governance: A Brief History Of Two Governance Paradigms



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Behind every managerial decision or action are assumptions about human nature and human behavior.



A humanist governance perspective sees employees as vital governance agents, rather than as risk factors in need of being governed.

"The business of government is to promote the happiness of the society, by punishing and rewarding." – Jeremy Bentham

"What is the best government? That which teaches us to govern ourselves." – Johann Wolfgang von Goethe

In a [previous post](#), I presented the basic premise of this column: Compliance management will lack effectiveness and produce compliance fatigue unless it is paired and balanced with ethics management. I defined compliance management as a deficit-based approach, which construes employees as risk factors and aims at suppressing unwanted behavior. Its core methods – prescribing rules, monitoring behavior, punishing transgression – seek to regulate behavior externally. Ethics management, as a strength-based approach, focuses instead on people's innate capacity to govern their own behavior as well as their communal affairs. Its methods focus on supporting employees in fully actualizing their capacity for self-governance.

The ultimate goal of this column is to describe practical methods E&C practitioners can use to strengthen self-governance in organizations. To select suitable methods, we must first understand what self-governance is and how it functions. The focus of the next few posts is to lay this foundation. In this article, I start by illustrating how compliance and ethics management tie into a long history of two antipodal governance conceptions. Compliance management can be traced back to Hobbesian governance philosophy, whereas ethics management, understood as the cultivation of self-governance, builds on a humanistic philosophy of governance. Thus situating the E&C field within the history of ideas is useful. It allows us to see how other disciplines have benefited from expanding beyond a narrow focus on the hierarchical regulation of behavior. They can serve as useful precedents from which to draw inspiration as we seek to apply the concept of self-governance to the field of ethics management.

Political Philosophy: Hobbes Vs. Aristotle

Compliance management follows a philosophical tradition that assumes a skeptical view of people's capacity for self-governance and, consequently, advocates for a strong governing authority. An early and influential proponent of this view was political philosopher Thomas Hobbes (1588–1679). According to his chilling account, the state of nature is an anarchic state of war of all against all, where “Man to Man is an arrant Wolfe,” living under constant fear of death, acting in his own self-interest and competing with others for power. To impose restrictions on their selfish instincts and make coexistence possible, human beings must surrender, by way of a social contract, all responsibility for social order and public welfare, and submit to a sovereign authority, the Leviathan, who sets and enforces the law. To Hobbes, there can be no law and no justice unless subjects submit under a common power.



The Leviathan, illustration included in the Thomas Hobbes' book by the same title. He states: "Where there is no common power, there is no law: where no law, no injustice." (Frontispiece of Thomas Hobbes' book "Leviathan," by Abraham Bosse., via wikipedia.org)

Around the sixth century BC, the idea of civic governance was invented in the Greek city-state – or polis – of Athens. Aristotle (384–322 BC) provided an early philosophical foundation for the idea of self-governance. In his writings, in particular in his *Ethics* and *Politics*, Aristotle described human beings as social by nature. He believed that all individuals possess a natural affinity for virtue and a potential self-improvement which they can realize through study and effort. Aristotle believed that it is the combined moral virtue of participating citizens that makes governance virtuous. His ethical and political philosophy seeks to clarify how a polis needs to be arranged in order to enable its citizens to actualize their potential for virtue, participate in the affairs of the community, and defend their system of government. This classical view of human beings, as having innate potentialities that can flourish in an environment that is adapted to human needs, is a central tenet in humanistic thought.

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The U.S. Constitution: Alexander Hamilton Vs. Thomas Jefferson

We encounter Hobbes' and Aristotle's antipodal conceptions of governance also in the debates among the Framers of the U.S. Constitution. Federalists such as Alexander Hamilton (1757–1804) questioned ordinary people's capacity to conform to the dictates of reason and justice. Believing that the common man's judgment is clouded by passion and self-interest, he distrusted any system of government that gave too much power to "the mob." Instead, he championed a strong central government placed in the hands of an elite with a system of checks and balances as an auxiliary precaution against the unsteadiness of ordinary people.

Thomas Jefferson (1743 –1826), an Anti-Federalist, held a much more hopeful view of human nature. His [writing](#) gives masterful expression to the Aristotelian

idea that people in general have a capacity for moral virtue that can and should be nurtured:

“ Man was destined for society. His morality therefore was to be formed to this object. He was endowed with a sense of right and wrong merely relative to this. This sense is as much a part of his nature as the sense of hearing, seeing, feeling; it is the true foundation of morality (...) The moral sense, or conscience, is as much a part of man as his leg or arm. It is given to all human beings in a stronger or weaker degree, as force of members is given them in a greater or less degree. It may be strengthened by exercise, as may any particular limb of the body. This sense is submitted indeed in some degree to the guidance of reason; but it is a small stock which is required for this: even a less one than what we call common sense. State a moral case to a ploughman and a professor. The former will decide it as well, and often better than the latter, because he has not been led astray by artificial rules.”

A fundamental faith in the common person's compassion, moral judgment, and perfectibility inspired Jefferson and other Anti-Federalists to advocate for assuring good governance by placing government under the control of the people. Jefferson believed that the best corrective against abuses of power was to subject the powerful to public scrutiny. To enable citizens to exercise this oversight effectively, he strongly advocated for public education and free speech.

Psychology: B.F. Skinner Vs. Carl Rogers

The battle between these governance paradigms is also a central topos in psychology. B.F. Skinner (1904–1990), the founder of [behaviorist psychology](#), falls squarely into the camp of those who argue for external behavioral control. Using the metaphor of a black box, he argued that what goes on in a person's mind is not essential for understanding behavior. Behavior, according to Skinner, is governed by forces operating upon the organism from outside. According to his theory of operant conditioning, desired behavior is best reinforced through rewards, while undesired behavior is most effectively reduced by punishment. While the status of behaviorism as a research program has declined, its influence

is still evident in the training and performance management practices of many organizations.

In the 1950s, psychologist [Carl Rogers](#) (1902-1987), together with Abraham Maslow (1908-1970), founded positive psychology, in response to what he saw as an excessive preoccupation of psychologists with pathology. Rogers believed that people are driven by an actualizing tendency, a desire to become the best that they can be. People have an innate ability to adapt and learn, they are always in the process of changing and growing toward becoming a fully-functioning person. The role of the therapist, as Rogers saw it, is not to treat, cure, or change patients, but to support clients in their lifelong self-directed quest towards growth and self-actualization. For such treatment to be effective, the therapist needs to engage with the client based on what he called unconditional positive regard.

Management: Scientific Management Vs. The Human Relations Movement

[The Scientific Management approach](#), proposed by influential business consultant Frederick Winslow Taylor (1856–1915), applies to workforce management the concept that human behavior is best regulated by external manipulation. Taylor described workers as inherently lazy and lacking in intelligence, and limited their role to executing minutely defined tasks. In his model, a managerial elite provides workers with detailed instructions and monitors timely execution. Piece rates and penalties serve to motivate workers.

A similar logic is inherent in [Agency Theory](#), the dominant theory of corporate governance. It starts with the assumption that managers (agents) are selfish utility maximizers who will abuse the discretion delegated to them by shareholders (principles) when the latter cannot fully observe managers' behavior (information asymmetry). The primary remedies proposed for mitigating this problem include financial incentives and enhanced monitoring.

Beginning in the 1950s, a group of social scientists, referred to as the Human Relations Movement, began questioning Taylor's methods. They argued that Scientific Management's emphasis on work specialization, rigid rules, and

managerial control was dehumanizing, and led to disengagement and low morale. One of its leading proponents, Douglas McGregor, explicitly linked managers' assumptions about subordinates and their managerial approach. In his book [The Human Side of Enterprise](#) he writes:

“ Behind every managerial decision or action are assumptions about human nature and human behavior. 🐦 The theoretical assumptions management holds about controlling its human resource determine the whole character of the enterprise.”

McGregor argues that managers lean toward one of two theories about the most effective way to manage people: Theories X or Y. Theory X managers assume that most people prefer leisure to labor, are gullible, resist change, shun responsibility and prefer to be directed. As a result, these managers felt that management must adopt controlling and coercive methods towards employees to achieve organizational objectives.

Theory Y managers, in contrast, see workers as self-motivated responsibility-seekers, capable of independently solving problems, directing their own work, and supporting organizational objectives. Based on these assumptions, the managerial focus shifts toward fully utilizing the intellectual potential of every worker, through mechanisms such as job enrichment, worker empowerment, and participatory management techniques.

McGregor recognized the self-confirmatory tendencies of these theories: Theory X managers, who view average employees as inherently lazy, will rely on extrinsic rewards and punishment as primary means of motivation. This leaves employees' needs for social belonging, achievement, self-esteem and continued growth unattended, causing employees to feel alienated and demotivated. Theory Y managers, who recognize employees' potentialities on the other hand, will create a work environment that satisfies employees' broader needs. As a result, employees will demonstrate higher self-motivation, performance and professional growth. McGregor understood that both theories operate as self-fulfilling prophecies. Each theory evokes the behavior that it predicts.

Crime: Deterrence Theory Vs. Collective Efficacy

Self-governance may sound good and well as far as improving job performance is concerned, you may think, but can it curb crime? Let's take a look at criminological thinking.

[Cesare Beccaria](#) (1738-1794) and [Jeremy Bentham](#) (1748-1832), together considered the fathers of classic criminology, argued that crime is the result of a cost/benefit analysis by self-interested, rational actors for whom the benefits of the crime outweigh its costs. Their recommendation for curbing crime is thus to increase its perceived cost by increasing penalties and the probability of detection. This approach is known as the deterrence theory of crime. According to this theory, the true purpose of the law and justice system is to create a “threat system”, or, as Bentham put it, to bring to bear the “terror of the law”. This line of thinking lives on today in Rational Choice Theory of crime.

In more recent times, the idea that regular citizens are a critical resource for reducing crime has become well established in criminology. According to the concept of [collective efficacy](#), communities can strengthen public safety by relying on their members' conjoint capacity to exercise social control. Residents can influence their neighborhood by intervening directly against transgressive behavior, they can mobilize community-based institutions (e.g. local businesses, schools, faith-based organizations), or they can draw on help from formal law enforcement agencies, such as the police, to counter crime.

An increasing number of U.S. cities (e.g., Boston, Dallas) have begun to de-emphasize repressive law-enforcement strategies that seek to deter serious crime through frequent and forceful intervention against minor offenses (e.g., frequent stops, searches, citations). Instead, these cities are intensifying community-oriented policing strategies. [Community-oriented policing](#) rests on the premise that success in policing efforts depends on widespread voluntary public adherence to the law and cooperation in police efforts to fight crime. Positive, trust-based relations between the police and the public are viewed as vital. This approach aims to engage residents in co-producing public safety, by collaboratively identifying risks and implementing solutions that reduce crime.

Numerous studies show that community involvement contributes to higher volume of 911 calls, displacement of criminals, and lower crime rates. A constructive dialog with community members can help the police better identify crime risks and hot spots, detect and respond to crime in a more timely manner, and more efficiently allocate resources for crime reduction.

What Is Your Theory?

Ever since Hobbes, the premise that an external authority must regulate human behavior since humans lack the capacity to regulate themselves has pervaded strategies for governing human behavior. Based on this assumption, enforcing norms requires the strong, visible hand of a superimposed regulator who issues rules and provides incentives to comply by monitoring subjects' behavior and punishing transgressors. Compliance management fits squarely into this governance tradition.

The humanistic tradition flips the Hobbesian paradigm on its head. It appeals to what Abraham Lincoln called "the better angels of our nature," viewing human beings as being social by nature and having an inherent potential for virtue. They are capable of assuming responsibility for their own lives and the communities they live in. Their desire for self-improvement and realizing their full human potential makes them active, resourceful and creative. A humanist governance perspective sees employees as vital governance agents, rather than as risk factors in need of being governed. 🐦 This governance paradigm promotes the idea that the virtue of the community is best assured by its members who practice virtue and actively engage in their community. Humanism emphasizes the agency of human beings and is interested in creating a social context that actively supports them in fully realizing their capacity for a self-determined and virtuous life.

What do you think? What is your assumption about human behavior? Do most people obey rules only because they fear punishment? Or can most people regulate their behavior to act responsibly? To prevent ethics scandals, should companies focus on more monitoring and stricter enforcement? Or should they promote more self-governance?

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