

# Successful managers have

- Traits of the head - initiative, co-operativeness, flexibility, and coolness under pressure.

At the expense of

traits of the heart - honesty, friendliness, compassion, generosity, and idealism.

Michael Maccoby

# Emotional detachment has an analogue in moral disengagement

Note the responses of NASA to Challenger, of Union Carbide to Bhopal, of Exxon to the Exxon Valdez disaster, of Bearings Bank to Nick Leeson's dealings, of Alan Bond to the Tooheys hotel leaseholders, of Jodie Rich to One Tel, of Ray Williams to HIH, of Gordon Gekko to the world ...

Jackall quotes a manager in  
*Moral Mazes*

“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.”

# Jackall's five rules of corporate morality (survival)

- (1) Don't go around your boss;
- (2) even if your boss invites dissent, tell him or her what he or she wants to hear;
- (3) if the boss wants something dropped, drop it;
- (4) anticipate the boss's wishes - don't force him or her to act the boss;
- (5) do not report what the boss does not want reported, cover it up and remain silent.

# Goodpaster's notion of teleopathy

the unbalanced pursuit of goals by an individual or group. Teleopathy ...is a suspension of “on-line” moral judgement as a practical force in the life of an individual or group. It substitutes for the call of conscience the call of decision criteria from other sources: winning the game, achieving the goal, following the rules laid down by some framework external to ethical reflection.

# The Pinto

In 1968 Ford adopted plan for a subcompact on a 2x2x2 plan (2,000 pounds, \$2,000 in 2 years).

In pre-launch tests, Ford discovered that rear end collisions propelled the gas tank onto the rear axle and unless modified, the car always caught fire.

Ford did not modify the Pinto. Why?

# Ford's Cost/Benefit Analysis

Ford applied a generic cost/benefit analysis to all kinds of accident based on National Highway Traffic Safety Administration estimates of the worth of a human life – around \$200,00 – and its own figures on deaths from car accidents. The analysis is as follows:

## Future productivity losses

- Direct: \$132,000
- Indirect: 41,000
- Medical Costs - Hospital: 700; Other: 425
- Property Damages: 1,500
- Insurance administration: 4,700
- Legal and court expenses: 3,000
- Employer losses: 1,000
- Victim's pain and suffering: 10,000
- Funeral: 900
- Assets (lost consumption):5,000
- Miscellaneous accident costs: 200
  
- Total per fatality \$200,725

## **Benefits**

- 180 burn death, 180 serious burn injuries, 2,100 burned vehicles
- Unit cost: \$200,000 per death, \$67,000 per injury, \$700 per vehicle
- Total Benefit:  $(180 \times \$200,000) + (180 \times \$67,000) + (2,100 \times \$700) = \$49.5 \text{ mil.}$

## **Costs**

- Sales: 11 million cars, 1.5 million light trucks
- Unit cost: \$11 per car, \$11 per truck
- Total cost:  $12.5 \text{ million} \times \$11 = \$137.5 \text{ million}$

On this analysis, Ford decided not to modify the Pinto chassis.

In 1978 in Indiana, a Ford Pinto with three young women aboard was struck in the rear and all three burned to death. This was only one of a number of such incidents, but Ford was indicted this time.

The judge instructed the jury that Ford would be guilty of wrongful death if it could be shown to have been indifferent to the dangers of the Pinto.

Ford was acquitted.

# What is to be done?

- Codes
  - Ethics training
  - Ethics officers
  - Committees
  - Newsletters
- Leadership  
Incentives and disincentives  
Hotlines  
Ombudsman  
Performance standards
- Can all support a culture of ethical excellence

# CODES

- Rule of law
- Common floor
- State fundamental values
- Can be codes of conduct or ethics or hybrid
- Must be used frequently to be effective
- Should be part of induction and development
- Must cover whole organisation
- Can be developed at top

# Decision models

- Do NOT make the decision for you
- Document the decision and the process
- Make plain what values are sacrificed
- Aid in moral reasoning
- Objectify moral reasoning and allow an example to be set

# Whistleblowing

- Public exposure of a danger to public interest
- Permitted when a serious issue is not addressed within an organisation
- Not internal
- Involves a betrayal of kinds
- Is a costly remedy
- Motives of whistleblower not central
- Difficult to legislate protection for

# Roles

- No licence to kill
- Roles add to responsibilities, they do not exempt
- Suggest that one is impersonating another like an actor – that the function of the role is what matters and the occupant doesn't
- Contribute to lost responsibility in organisations