

## THE AUSTRALIAN GRADUATE SCHOOL OF MANAGEMENT

### Leadership and business ethics: a summary of Robert Jackall's *Moral Mazes*

Leadership has become a hot topic of the moment in business and politics. After many years of preoccupation with the shape and structure of organisations, there is now a boom in the literature on those who run them. There are books on visionary leadership, transformational leadership, and ethical leadership. Most of these improving works in the do-it-yourself genre have but two aims: to make the executive more effective at his or her job; and to improve the effectiveness of the organisation run by the executive, which amounts in most cases to much the same as the first aim.

There is nothing wrong in corporations and their executives doing well. And if they can do well by inspiring people so much the better. But this is not the same as being ethical. As Groucho Marx famously said: "The secret of life is honesty and fair dealing. If you can fake that, you've got it made". It is possible to be insincere and still inspire, as sundry snake oil merchants can attest. But the recent focus on leadership as the transforming factor in organisations and the questions it raises for ethics should be tempered by the findings of social scientists about the way organisations actually function and the way people in them, notably managers, behave. The classic study in this area is Robert Jackall's *Moral Mazes*.<sup>1</sup>

The theme of this work is that managers constantly adapt to the social environments of their organisations in order to succeed. In such contexts, they have no use for abstract ethical principles, but conform to the requirements of bureaucratic functionality. What implications follow for the ethical leader in business?

Jackall found that managers assess their decisions against contextual criteria.

Essentially, managers try to gauge whether they feel "comfortable" with proposed resolutions to specific problems, a task that always involves an assessment of others' organisational morality and a reckoning of the practical organisational and market exigencies at hand. The notion of comfort has many meanings. When applied to other persons, the idea of comfort is an intuitive measure of trustworthiness, reliability, and predicability in a polycentric world that managers often find troubling, ambiguous, and anxiety-laden. Such assessment of others' organisational

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<sup>1</sup>Robert Jackall, *Moral Mazes*, (New York: Oxford University Press, 1988)

morality is a crucial aspect of a more general set of probations that are intrinsic to managerial work. (p.13)

Jackall notes that power in corporations is centralised at the top in the person of the CEO, while ‘responsibility for decisions and profits’ is pushed down the line as far as possible (p.17) This has ethical implications. The displacement of responsibility for decisions onto subordinates takes the burden from senior managers and the person at the top. Too much knowledge is a dangerous thing for a CEO. It’s much better to have an Oliver North to take the blame for things which go wrong and to know nothing of the details (as Ronald Reagan did).

First, because they are unfamiliar with — indeed deliberately distance themselves from — entangling details, corporate higher echelons tend to expect successful results without messy complications. This is central to top executives’ well-known aversion to bad news and to the resulting tendency to kill the messenger who bears bad news.

Second, the pushing down of details creates great pressure on middle managers not only to transmit good news but, precisely because they know the details, to act to protect their corporations, their bosses, and themselves in the process. They become ... the potential ‘fall guys’ when things go wrong. (p.20-21)

Credit usually flows up in this structure and is usually appropriated by the highest ranking officer involved in a successful decision ... A subordinate whose ideas are appropriated is expected to be a good sport about the matter ... The person who appropriates credit redistributes it as he chooses, bound essentially only by public perceptions of his fairness. One gives credit, therefore, not necessarily where it is due ... but where prudence dictates. (p.21)

The CEO’s ‘word is law’. Jackall quotes one middle-level manager, “Every big organization is set up for the benefit of those who control it; the boss gets what he wants.” (p.36) “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 view is that high-sounding moral principles do not matter much in the daily functioning of the corporation or organisation. What shapes organisational morality are such factors as “proximity to the market, line or staff responsibilities, or one’s position in the hierarchy”. (p.6)

Organisations are more than places of work. “.. the men and women in them come to fashion an entire social ambience that overlays the antagonisms created by

company politics ...” (p.37) In a similar vein to Goodpaster,<sup>2</sup> Jackall invokes Mannheim’s concept of self-rationalization, ie. “the systematic application of functional rationality to the self to attain certain individual ends”. Such a manager “dispassionately takes stock of himself, treating himself as an object, as a commodity. He analyzes his strengths and weaknesses and decides what he needs to change in order to survive and flourish in his organization. And then he systematically undertakes a program to reconstruct his image ...” (p.59) “The continuous uncertainty and ambiguity of managerial hierarchies, exacerbated over time by masked conflict, causes managers to turn towards each other for cues for behaviour. They try to learn from each other and to master the shared assumptions, the complex rules, the normative codes, the underlying institutional logic that governs their world. ... Normally, of course, one learns to master the managerial code in the course of repeated, long-term social interaction with other managers” (p.37-8) “... one makes oneself alert to expediency by projecting outward the objectifying habit of mind learned in the course of self-rationalization. That is, the manager alert to expediency learns to appraise all situations and all other people as he comes to see himself - as an object, a commodity, something to be scrutinized, rearranged, tinkered with, packaged, advertised, promoted, and sold.” (p.119)

Managers project themselves as “men and women of discriminating taste, of ostensibly balanced judgement, marked with an open-minded tolerance towards others’ foibles and idiosyncrasies, at least in public .. men and women with the right style know how to assess and adjust themselves with poised ease and an air of quiet decisiveness to the nuances, exigencies, and shifting moralities of social situations. ... Managers up and down the corporate ladder adopt their public faces quite consciously; they are, in fact, the masks behind which the real struggles and moral issues of the corporation can be found.” (p.59)

In the world of functional rationality, short-term results are what managers are judged by. The accomplishments of an hour ago are quickly forgotten and the focus moves not to next year or next month, but to tomorrow. At least this is what Jackall found in American corporate life. (p.84). Long-term success must be subordinated to short-term goals if the manager is to maintain the confidence of his or her superiors. “We’re judged on the short-term because everybody changes their jobs so frequently,” Jackall quotes a manager as saying (p.91). Now this can involve moral conflicts which might seem to bespeak the manager’s hypocrisy. This is supposed to be a fatal flaw in a person’s character, indeed, to bespeak a lack of moral seriousness. For many managers, it is a matter of necessity (in the Machiavellian sense), not a matter of moral choice. They do not wish to abandon moral principles, but find it difficult to implement them in the contexts in which

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<sup>2</sup>Kenneth E. Goodpaster, “Ethical Imperatives and Corporate Leadership” in R. Edward Freeman (ed.) *Business Ethics: The State of the Art*, (New York: Oxford University Press, 1991, 89-120)

they find themselves. In Brecht's succinct summation of the problem in *Threepenny Opera*, "First grub [food], then ethics". A corporate lawyer quoted by Jackall said: "I look at it this way. See, in a big bureaucracy like this, very few individual people can really change anything". Success in such a world is the ability to outrun your mistakes, not to do good. (p.90) Mistakes are left to your successor in the position.

"At the very top of organizations, one does not so much continue to outrun mistakes as tough them out with sheer brazenness. In such ways, bureaucracies may be thought of, in C. Wright Mills's phrase, as vast systems of organized irresponsibility." (Jackall, p.95) "... bureaucracies create many mechanisms that separate men and women from the consequences of their actions." (p.127) "At the least, compartmentalization provides wholly acceptable rationales for not knowing about problems or for not trying to find out." (p.194)

Given Jackall's findings, it is hard to see a place for personal ethics in modern organisations at all: "The moral ethos of managerial circles emerges directly out of the social context (of the corporation). It is an ethos most notable for its lack of fixedness. In the welter of practical affairs in the corporate world, morality does not emerge from some set of internally held convictions or principles, but rather from ongoing albeit changing relationships with some person, some coterie, some social network, some clique that matters to a person. Since these relationships are always multiple, contingent, and in flux, managerial moralities are always situations, always relative." (p.101)

Jackall finds that corporate managers to whom he presented a case could not see its moral or ethical content. In their view, the issues raised were, first of all, simply practical. The basic practical principles of operation in corporate life can be stated briefly in a series of admonitions.

"(1) You never go around your boss. (2) You tell your boss what he wants to hear, even when your boss claims that he wants dissenting views. (3) If your boss wants something dropped, you drop it. (4) You are sensitive to your boss's wishes so that you anticipate what he wants; you don't force him, in other words, to act as boss. (5) Your job is not to report something that your boss does not want reported, but rather to cover it up. You do what your job requires, and you keep your mouth shut." (p.109-110)

Managers interviewed by Jackall believed "that 'truth' is socially defined, not absolute, and that therefore compromise, about anything and everything, is not moral defeat, as (unrealistic people seem) to feel, but simply an inevitable fact of organizational life." (p.111)

Karl Mannheim points out that bureaucracy turns all political issues into matters of administration. ... Bureaucracy transforms all moral issues immediately into practical concerns. A moral judgement based on a professional ethic makes little sense in a world where the etiquette of authority relationships and the necessity for protecting and covering for one's boss, one's network, and oneself supercede all other considerations and where non-accountability for action is the norm. As a matter of survival ... corporate managers have to keep their eye fixed not on abstract principles but on the social framework of their world and its requirements. (p. 111)

“The big organization provides, of course, conceptual tools that help managers cut through ... ambiguous quandaries. Dichotomous modes of thinking like “cost-benefit analysis” are to some extent conceptual paradigms of functional rationality. They help managers apply a thoroughly secular, pragmatic, utilitarian calculus even to areas of experience that, in their private lives, they might still consider sacred.” (p.127) Thomas More believed that certain things had to be done in political life as part of the job, but only to the extent that you could ameliorate an evil. Once you were coopted to the side of vice, it was no good saying that you disagreed privately with it.

The manager alert to expediency sees his bureaucratic world through a lens that might seem blurred to those outside the corporation and even to some inside who are unable to rid themselves of encumbering perspectives from other areas of their lives. It is a lens, however, that enables him to bring into exact focus the rules and relationships of his immediate world. ... he comes to measure all relationships with others by a strict utilitarian calculus and, insofar as he dares, breaks friendships and alliances accordingly. ... The logical result of alertness to expediency is the elimination of any ethical lines at all. Sometimes the demands to do what has to be done, the pressures of exigencies that must be faced, make erasure of lines a tempting prospect. (p.133)

“The dominant clique in a hierarchy at any given time establishes the general tone for other groups. Of course, the segmented work patterns of bureaucracy underlie these larger structures. Managers' cognitive maps to the thickets of their world contain sharp, sometimes absurd, caricatures of the style and ethos of different occupational groups.” (p.192) The NASA Challenger disaster provides a ready example. The dominant managerial group told an engineer to take off his engineering hat and put on his management hat and approve the launch.

Managers “turn to each other for moral cues for behaviour and come to fashion specific situational moralities for specific significant other in their world.” (p.193) But, “Sooner or later ... almost all managers experience clashes between the requirements of their world and aspects of their valued self-images.” (p.194)

Sooner or later, most managers realize, as Thorstein Veblen did many years ago, that there are no intrinsic connections between the good of a particular corporation, the good of an individual manager, and the common weal. Stories are legion among managers about corporations that ‘devour’ individuals, ‘plunder’ the public, and succeed extravagantly; about individual managers whose predatory stances toward their fellows, their organizations, and society itself only further propel their skyrocketing careers ... (p.198)

Jackall’s work casts a sobering shadow over the ethics of leadership in organisations. He finds in bureaucracies conditions antithetical to the development of ethical behaviour and action according to ethical beliefs. Nevertheless, the notion that organisations are in some sense necessarily amoral ignores the importance of conventions of rules, ethos and culture in the ‘licensing’ of conduct. The promising part of Jackall’s work is the identification of the features of corporate culture that must be changed in order to provide an ethical and productive workplace.