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Jackall, R., The World of Corporate Managers – Twentieth Anniversary Edition, Oxford University Press, New York 2010

A Capsule Summary of the Book

This is the second edition of a book whose first edition was published in 1988. There has been no revision of the book; however, Jackall has added a new chapter titled “Moral Mazes and the Great Recession” to it. His description of the financial crisis brings nothing really new to the fore: it shows that nothing has changed in the aftermath of the convulsions caused by several occurrences of crisis in the financial sector or the business world in the last decade. Managers (of banks, insurance enterprises, of Enron, etc.) play(ed) high-risk games at the cost of the organization; they plunder(ed) the assets of employees and shareholders as well. If they win, they take all the gain; if they lose, they call for the taxpayer’s money because their organizations are too big to fail. They never think about stinting with their bonuses even if the taxpayers have to save the organization they work for because otherwise these same managers would leave it and so dispossess it of their skills and competence which, so they think, are badly needed to set it afloat again.

Objective and Targeted Audience

Jackall’s detailed sociological study of the managerial world is not written for a particular target group. As Jackall has clarified throughout a recent interview,[1] his study is “part of a larger project. This is a long-term examination of the social, institutional, cultural, moral, and epistemological foundations of modern American society (Interview, p. 8).” If one wants to nominate an audience as the target group of the first edition, then it is perhaps identified best by the answer to the question: “How does bureaucracy shape moral consciousness?” (Interview, p. 1). This question, however, seems to fall somewhat short as the background of the financial and economic crises of the last two decades that has apparently motivated the second edition.

Structures and Contents

The book consists of eight chapters (plus introduction and the newly added chapter on *Moral Mazes and the Great Recession*). The book's "Introduction: Business as a social and moral terrain" stakes out the field. "(M)anagers' rules for survival and success in the corporation (…) are at the heart of what might be called the bureaucratic ethic, a moral code that guides managers through all the dilemmas and vicissitudes that confront them in the big organization" (p. 2). Managers are not interested in the corporation's success; it is their own success that they always rank highest: "Every big corporation is set up for the benefit of those who control it; the boss gets what he wants" (p. 39).

The "Bureaucratic ethic" is informed by the "moral rules-in-use" (p. 5) and superior-inferior relationships in hierarchies: "*What is right in the corporation is what the guy above you wants from you*" (p. 4; italics in the original). According to Jackall's observations, "morality does not emerge from some set of internally held convictions or principles" (p. 106); instead, "managerial moralities are always situational, always relative" (ibid.).

Chapter one (Moral probations, old and new) begins with an analysis of "the economic and the moral foundations for modern capitalism" (p. 7), the Protestant ethic. The Protestant ethic has shaped the mental models of America's emerging middle classes. As Jackall (Interview, p. 2) points out, "(T)he old middle classes were farmers, artisans, industrialists, and financiers, who owned their own means of production and were financially and politically independent." Compared to this, the new middle classes are salaried agents "wholly reliant on big organizations for their livelihoods" (Interview, p. 2). In today's great and inevitably bureaucratic organizations, the managerial ethos has replaced the Protestant ethic. Organizational rules-in-use, which reflect the bureaucratic structure of the organization, determine "the occupational morality of corporate managers" (p. 10).

The second chapter (The social structure of corporate work) illustrates how authority relationships characterize hierarchies. For the management offspring, it is neither efficiency nor effectiveness that fuels a corporation's operations; rather, organizational practices are coined by super- and subordination and the need to become accepted in management circles. Because of this, work "becomes an endless round of what might be called probationary crucibles" (p. 43). Management offspring has a chance to climb the hierarchical ladder if they succeed in getting access to gangs, the patronage of which provides them with opportunities to gain visibility (p. 65; "you need a Godfather," p. 94).

The third chapter (The main chance) sheds more light on the lessons the upward-oriented offspring has to learn: "success and failure seem to have little to do with one's accomplishments;" instead, self-adaptability or self-streamlining (p. 78) and acquiescence with the “ethos of team play” (p. 54) are most important. Team play includes adapting to the team philosophy (or “the dominant ideology of the moment,” p. 56). “Hitting the numbers” is also important – but only within the social structure. The marriage of “hitting the numbers” and organized bureaucratic irresponsibility (p. 100) is best expressed by the cases addressed as “milking a plant”(p. 96), followed by “take the money and run” (p. 104).

Chapter four (Looking up and looking around) provides more information about the social world and the way managers come to grips with it. Authority structure and advancement patterns are always in the foreground, and they intertwine with decision-making prowess – a “managerial mystique” (p. 78) in Jackall’s eyes, because he detects that managers rather prefer to avoid decision making: “Decisions are only made when they are inevitable” (p. 89); when, managers say, “(t)he decision made itself” (ibid.).

The discussion of the great number of management scandals in recent decades as well as the experience of the recent financial and economic crisis have revealed as basic phenomenona the short-term orientation of managers and the disintegration of managerial action and responsibility. Jackall has already reported that “American managers seem regularly to look to the short term rather than the long run” (p. 86). One reason for this is that a “short-term mentality characterizes most managerial training” (p. 87). Another is the “fragmentation of consciousness” (p. 88), meaning that reflection about the future is crowded out by the “pressure for annual, quarterly, monthly, daily, and even hourly ‘results’” (p. 88).

The second aspect draws on the observation that “bureaucracies create many mechanisms that separate men and women from the consequences of their actions” (p. 135 ff.). As a consequence, “managers see no *necessary* connections between performance and reward” (p. 66; italics in the original). That action and responsibility fall apart within bureaucracies increases the dependence of managers on their patrons or on their access to or positions within management circles. There is no tracking system to trace responsibility for good as well as bad results; therefore, “blame time” and scapegoating can prevail over of critical reflection.

In chapter five (Drawing lines), Jackall describes the “institutional logic” characterizing the corporate social worlds in more detail (p. 118). Not surprising to the reader, managers do not adhere to abstract general rules or principles but to their social network. The social world blocks independent moral judgment; it conquers any form of morality having its origin outside the workplace unless it meshes with organizational ideology (p. 110). This is the climate in which bribes can develop into the grease “that makes the world work” (p. 116). Objective criteria do not provide the framework for “decisions because ‘right and wrong’ get decided by those with enough clout to make their views stick" (p. 111). "Truth" is thus "socially defined" (p. 117). Jackall's answer – or the answer provided by his sociological analysis – to all attempts of business ethics to train ethical decision-making by dint of case studies, or the application of ethical principles to concrete decisions, is "alertness to expediency." The alert manager pays obeisance to the "idols of the moment" but "keeps his eye fixed on what has to be done to meet external and organizational exigencies" (p. 140). Managers who show mastery in "alertness to expediency," i.e., the "accurate assessment of the intersection between exigencies, institutional logic, (…) and personal advantage" (p. 118), can rise to supreme power. This mastery does not emerge without self-abnegation, the stripping away of all natural impulses, a "self objectification that in fact frames and paces the objectification of the world" (p. 125). However, "(t)he logical result of alertness to expediency is the elimination of any ethical lines at all" (p. 141).

In his autobiography, the former CEO of Siemens, Heinrich von Pierer, still insists on his ignorance of the widely ramified system of corruption and profit slush funds at Siemens. Reading this chapter of Jackall's book can help one to glimpse von Pierer's position. Managers are always involved in drawing the lines between right and wrong. Based on Jackall's observations, it is the boss who defines what is right or wrong. On the one hand, individuals are participants in shaping the logic of institutions; on the other hand, they experience that logic as an objective set of norms. Perhaps von Pierer is a tragic example for how private morality (several publications by von Pierer are indicative of this) and occupational morality can fragment. Managers can become "caught up in this tangle of ideologies, perspectives, and viewpoints and become inconsistent in at least their explanations of reality" (p. 153). This seems to be sort of professional risk because managers' "adeptness at inconsistency" or ability for "doublethinking" (p. 197) are among the highest valued occupational competences. As Jackall points out, some managers come to believe "their own public relations about their organizations and about themselves" (p. 208). However, if managers' self-objectification is incomplete, then they have a chance to "experience moral dilemmas in their grappling with the world" (p. 126).

Chapter six (Dexterity with symbols) addresses the relationship between the self and its communication. Communication is based on symbols. The use of oblique language can veil the content of communication (p. 143). What can be observed in the case of politicians, namely that their language changes in the course of their adaptation process to the exigencies of their particular environment, characterizes the communication in business environments, too. To work their way up, managers need to develop mastery in the use of provisional language. Managers' professional identity is not based on the knowledge or the competencies that might be developed at business schools or universities. Indicative of their ignorance of – economic as well as ethical – knowledge is the "real growth of managerial consulting" (p. 148). Instead of making use of scholarly knowledge for the identification and solution of problems, managers go shopping for ideas and take over rhetoric or vocabulary from consultants who are always up to date with the newest management themes (for examples, see p. 151). Consultants fulfil several functions for executives; among them is the legitimization of unpleasant organizational changes (p. 153) or the creation of a "mask of objectivity to cover the capriciousness and arbitrariness of corporate life" (p. 153)."

Remember that, according to Jackall's study, neither the corporation nor the managers working in and for the corporation are rational actors in the sense of trying to achieve organizational objectives by the application of adequate means. Managers' adaptation to the organization's social reality obfuscates an economic or ethical view on end-means relationships. Against this background, a corporation can develop into a real danger for its employees, its customers, or society in general. Jackall describes that, in such a situation, "government regulation, within reason, can be the businessman's best friend" (p. 170). In some cases, it can help to break organizational deadlocks which hinder apt reactions to corporative irresponsible behavior.

One can still learn a lot from this book about the argumentative logic of businesses fighting against pending regulation and how the "scientific" institutions which they have founded and financially support provide businesses with argumentative patterns. After 22 years, examples such as acid rain and formaldehyde contamination are particularly telling; although the concrete subjects have changed, the way businesses and their "scientific" mercenaries tell stories and refuse to take responsibility for their contributions and actions seems often to have remained unchanged.

Corporations are not content with the images or world views that they create for themselves. Chapter seven (The magic lantern) analyzes how corporations make use of the services of public relation firms in order to promulgate their world views to their stakeholders and other parts of the outer world. Corporations actually practice as little in-house communication as they able to communicate with other stakeholders. Instead, public relations has developed into a set of social techniques and practices that pervade "every nook and cranny of our social order" (p. 181). "(T)he genius of public relations (…) consists to a great extent in its dexterity at inverting symbols and images" (p. 185 f.). For their clients, public relations firms "transform expediency into altruism or even statesmanship" (ibid.). As a result, the organization acts in a self-centered manner. Managers adapt to the social realities of organizations which are (by dint of public relation firms or pseudo-scientific institutions producing pleasant homemade empirical evidence) self-created. And they do so without being able to react adequately to information that does not fit their home-made ideologies.

Chapter eight (Invitations to jeopardy) concludes Jackall's journey into the world of corporate managers. Jackall readdresses the Protestant ethic that has provided the starting point for his roundtrip. As he notes, "Protestant ethic (…) was an ideology where a person's word was his bond and where the integrity of the handshake was crucial to the maintenance of good business relationships" (p. 204). Compared to this, "Bureaucracy breaks apart the ownership of property from its control, social independence from occupation, substance from appearances, action from responsibility, obligation from guilt, language from meaning, and notions of truth from reality" (p. 205).

Perhaps most important, a manager's success depends on the capriciousness of his or her superiors and the – impersonal – market (cp. ibid.). On the one hand, managers are caught in authority relationships or management circles; on the other hand, they are subject to the exigencies of the market. For them, however, the market has only a shadowy existence; it is seen or experienced as something being beyond their range of action. Managerial "work" is not directed at bringing about something of value for the employees, the shareholder, the customer, etc. Management offspring are alienated from any meaningful operations. Managers are mainly busy with selling themselves (p. 64). A great deal of "managerial work consists of ongoing struggles for dominance and status" (p. 208). This and the apparent meaninglessness of managerial "work" have led to the emergence of social organizations which destroy wealth, impede the generation of both individual and social wealth, or ruin the opportunity for value generation for future generations in general.

At this point, the first edition stops. What follows is the added chapter on the great recession that, against the background of the preceding analysis, describes the escalation of jeopardy into disaster. The chapters collected in the first edition of the book can be read as an introduction into an analysis of economic and financial crash as a result of the systemic consequences of organized irresponsibility. Whereas the first edition of the book is devoted to the analysis of bureaucracy, i.e., describes the social world of single organizations, their identity, their public relations, etc., the last chapter adds a new aspect to the story: it turns out that the kinds of crises and organizational failures described in the last chapter of the book cannot arise from the ideologies and the misbehavior of single organizations. The new aspect is thus the systemic dimension of the crises. We can observe a game performed by diverse actors such as players, umpires, and resource providers (banks and their customers, rating agencies, government agencies, etc.). Like the performance of managerial work within single organizations, this game is not played because the player want to bring about something valuable (with respect to the welfare of stakeholder and society); the game is played because each individual player wants to pocket as much he or she can. As Jackall (p. 101) has observed:

> Whenever structural inducements place premiums to immediate personal gains, especially when mistakes are not penalized, there seems to be a sharp decline in the likelihood of men and women sacrificing their own interest for others, for their organizations, or least of all for the common weal.

And, as many had to experience painfully in the course of the most recent crisis: “the whole point of the corporation is precisely to put other people’s money, rather than one’s own resources at risk” (p. 116).

Recommendation and Critique

To conclude, this book is as current and important as it was 22 years ago. I recommend it to every business or management student, or management scholar, or business ethicist. In particular, business ethics cannot neglect the “structural challenge of bureaucracy” demonstrated in this book. However, is it to be expected that business ethics can provide a way out of the moral mazes? From Jackall’s study, the impression emerges that managerial decision-making (or what is taken for it) is largely uncoupled from the scholarly knowledge that management scholars might assume to have imparted to management students. Could the study of moral philosophy, or business ethics, or economic ethics at business schools overcome the contextual, situational, highly specific and often unarticulated character of organizational moralities (p. 5)? Jackall is more interested in the portrait of manner and morals than in organizational change. Management scholars and business ethicists need first to specify the question more clearly before they can try to find an answer to it. One starting point could be that managers “publicly pay lip service to the old (Protestant ethical, M.H.) virtues even as they live by the moral rules-in-use” (Interview, p. 6). Reflection about the moral rules-in-use and the worldviews concomitant to them seems to be a relevant part of managerial ethics education.

There are only two reservations with respect to the book: First, this is a sociological study, and one should not wonder that a sociologist identifies mainly sociological factors of influence. The degree to which sociological variables triumph economic variables could be made the subject of further analysis. Second, Jackall's understanding of meaningful work, or of work that can enhance the wealth of society, is biased toward tangible assets. For Jackall, intangible assets do not seem to create wealth compared with his experience and understanding of production as, e.g., the "arduous and necessarily long-term task of taking material out of the ground and creating wealth" (p. 87). Against the background of the thriving service economy, a more balanced perspective would recognize that intangible assets can contribute to the weal of society; in addition, it's not the intangibility of finance products but their lack of transparency and the way they are used in the "big game" that make them problematic. If one, however, shoves aside the unnecessary dichotomy between tangible and intangible resources, then perhaps something more important comes to the fore that pervades Jackall's whole book, namely, the question addressing the sense of managerial work or economic activity in general.

Endnote:

1 Interview with Robert Jackall (February 2010).http://www.williams.edu/anthsoc/Jackall_interview-chaskor.pdf.

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