THE GENERIC VALUES OF BUSINESS:
THEIR STRUCTURE AND FUNCTION IN CORPORATE CULTURE

William C. Frederick
Graduate School of Business
University of Pittsburgh

As my contribution to this discussion of ethical work climates, I want to offer the following propositions.

1. Corporate culture is a reflection or extension--a reification--of what I shall call the generic values of business.

2. These generic values drive business organizations in two primary directions: toward economizing and toward power-aggrandizement.

3. As such, corporate culture defines goals, creates motives, directs behavior, and sets limits that are compatible with these two master values. Right behavior and ethical precepts are thus bounded and constrained by these two sets of generic business values.

4. Reforms intended to introduce alien values into the corporate culture, including many of the values that support ethical work climates, will have three possible outcomes: (a) outright rejection by the company and its commanding personnel; (b) provisional acceptance if the alien values can be made compatible with but subordinate to the generic business value system; and (c) a proposal-in-perpetuity (which is perpetual

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because never accepted or implemented) which favors substitution of preferred personal values contradictory of those that dominate conventional corporate culture.

Culture and Corporate Culture

The notion of corporate culture burst onto the scene in October 1980, when Business Week titled its cover story "Corporate Culture: The Hard-to-Change Values that Spell Success or Failure."[1] That account seemed to suggest that corporations differed from one another in the kinds of values they promoted to their employees, competitors, and the attentive public. To me, it was a magical moment--quite unexpected, too--for my anthropological studies had long led me to believe that this discipline's great analytic power to understand corporate behavior had been lying fallow. Alas, my hopes were dashed very shortly. Within a year or two, the idea of corporate culture was seized upon by management consultants--and it has been downhill ever since.[2]

The problem was twofold: few consultants are anthropologists, and all of them are hired to promote corporate purposes, whatever they may be at the moment. Under these circumstances, the expected became the inevitable: the concept of corporate culture was to become a watered-down version of what anthropolo-

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[1]Business Week, October 27, 1980, pp. 148-151 ff.

[2] Terrence E. Deal and Allan A. Kennedy, Corporate Cultures: The Rites and Rituals of Corporate Life, Reading, MA: Addison-Wesley, 1982; and Thomas J. Peters and Robert H. Waterman, In Search of Excellence: Lessons from America's Best-Run Companies, New York: Harper & Row, 1982.

gists had spent their entire professional careers trying to understand, and the idea was to be turned into a serviceable instrument to promote the self-interested purposes of consultants and their corporate clients. As Business Week had hinted in its title, the corporate stakes were "success or failure." The message was as clear as any palmreader could make it: find someone who can reveal the nature of your company's culture and you'll know whether the future looks bright or grim. A horde of management consultants leapt into the breach, and the rest is (recent) history.[3]

Clearly, there is a quantum difference between the anthropologist's idea of "culture" and what is popularly called "corporate culture." But we need not be bound by the consultants' superficial misuse of this powerful concept. Culture can indeed

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[3] Some rather remarkable claims can be found in the resultant literature about corporate culture. One instrument, consisting of a 6-page self-administered questionnaire plus accompanying explanations, offers organizations the prospect of having its employees identify the central components of their company's culture, the inconsistencies that are present in it, the degree of change needed to overcome these gaps, and (with the help of the consultant, naturally) ways of changing the culture that create a more effective organization. If one thinks of such anthropological stalwarts as Bronislaw Malinowski, Franz Boas, Margaret Mead, Ruth Benedict, Alfred Kroeber, and others of their stature--all of whom spent several years in arduous field work-- it seems a pity that they did not have the wits to develop such a simple, straightforward device. It would have enabled them to avoid such field-research risks as exposure to rare tropical diseases and icy Arctic winters, finding themselves the targets of curare-tipped arrows, winding up in the cooking pot of cannibals, or having their shrunken heads impaled at the entrance of a chieftain's house, not to mention escaping the tediousness of observing, recording, transcribing, analyzing, and reporting the many complexities of the economic, religious, political, kinship, and language systems that comprise the cultures of most societies. Sic transit gloria classical anthropology.

help us to understand the practices and policies of modern corporations, as well as the sometimes bizarre and distressing behavior of those who work in corporations. It can do so because what anthropologists call "culture" constitutes the bedrock of humanness, being responsible for all of the phenomena we label "human."

Quite obviously, an extended discussion of culture is beyond the bounds of this paper, allowing me to emphasize only those parts of the idea that are germane to this morning's symposium. Three perspectives are worth mentioning.

First, culture as consciously-transmitted symbolic learning is a phase of natural evolutionary processes, unique (perhaps only apparently) to the genus <u>Homo</u>, having an established continuity with pre-cultural naturalistic processes and forces. Symbolic learning of this type is made possible by the specialized human brain, whose evolution has been shaped by the same genetic, chemical, and physical processes that have been responsible for all of our other structural and functional features.[4] Human culture is thus subject to---and is a partial expression of--those natural forces that have been associated with the evolution of all biotic and nonbiotic components of earth's ecosystem. This evolutionary embeddedness has played a central role in bringing forward the core value components of business,

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[4] This is not to deny a possible reciprocal relationship between the evolution of the brain and the symbolic uses to which it has been put by its human carriers. If true, that interactive process, too, is to be understood as a feature of natural evolution.

as will be noted further along.

Second, culture is an amalgam of experience-based efforts to solve perceived problems as its human carriers adapt to their environment. This instrumental, adaptive function of culture is clouded by misperceptions about the nature of some problems and is cluttered with many false starts, maladaptive processes, blind alleys, and a gloss of misguided and futile means for coping with environmental forces. But, as they say, nothing succeeds like success. The earth's human enterprise is several million years old (and counting--backwards in time), and it has spawned a population now rapidly approaching 6 billion living souls. As an adaptive, instrumental process, culture has proven to be extreme-ly effective for the _genus_ if not for each component part[5] or for an alarming portion of earth's ecosystem.[6] It is through cultur-

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[5] The current list of warring factions is long and dreary: Palestinians and Israelis, Armenians and Azeris, Croats and Serbs, Hindus and Sikhs (Punjab), Catholics and Protestants (Northern Ireland), Blacks and Whites (South Africa, among many others), and a multiplicity of antagonistic ethnic groups on all continents.

[6] Industrially-induced global warming, rainforest destruc-tion, high-level atmospheric ozone depletion, and nuclear radia-tion perils head the current list. Noting human population growth as an index of gross adaptive success need not mean, nor does it here, that sheer numbers are a measure of human adaptive needs. Current and projected population pressures on human ecosystems sketch problems of terrifying proportions. Neverthe-less, it remains true that our _genus_, aided by culture, has proven remarkably successful thus far in converting its fecundity into sustained life for literally billions of persons. One must remember, though, that cockroaches have been around longer than humans, and their numbers unquestionably outnumber ours, so a case might be made for a gene-based adaptive ability that may well outrun culture-based adaptation. Survivability of either individuals or entire species rests to a large extent on the competitive traits and/or skills they manifest in an evolutionary

al lenses that we perceive our problems and attempt to grapple
with them. This operational dimension of culture, flawed as it
is by maladaptive factors, sets the stage for most of the norma-
tive issues confronting business today.

Third, culture is the source of human values. Because
culture is a phase in natural evolution and because culture has
adaptive functions, it extrudes values that reflect human experi-
ence in coping with an environment that either sustains or
diminishes life. These extrusions of human experience--which we
call "values"--provide meaning, significance, order, priorities,
and guidance for human actions taken in a world of impressions,
stimuli, and forces that otherwise would be entirely and over-
whelmingly confusing, hostile, complex, and overpowering. Those
values that are uniquely and characteristically associated with
business and the modern corporation receive attention further
along.

The account of "organizational culture" most nearly consis-
tent with this anthropological meaning of culture is found in
Edgar Schein's Organizational Culture and Leadership.[7] To his

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process of natural selection. Both cockroaches and humans seem
to be reasonably successful in finding survival niches within
their respective ecosystems.

[7] Edgar H. Schein, Organizational Culture and Leadership,
San Francisco: Jossey-Bass, 1985. Alan L. Wilkins and William G.
Ouchi also recognize the distinction between "local organization-
al cultures" and "the depth and richness of socially shared
understanding characteristic of the paradigmatic cultures studied
by anthropologists." See their "Efficient Cultures: Exploring
the Relationship between Culture and Organizational Performance,"
Administrative Science Quarterly, 28 (1983): 468-481. Another,
somewhat muddy effort to array comparative concepts of culture

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credit, Schein draws on the work of anthropologists Florence Kluckhohn, Frederick Strodtbeck, and Edward T. Hall, and he specifically observes that the concept of organizational culture is distinct from the more comprehensive construct of culture. Schein's organizational culture, however, is devoted to the same kinds of experienced-based instrumental purposes as culture generally. His words are worth recalling: "What [organizational] culture does is to solve the group's basic problems of (1) survival in and adaptation to the external environment and (2) integration of its internal processes to ensure the capacity to continue to survive and adapt." (1985: 50) External environmental adaptation and internal integration: these two cultural processes are precisely those that define the core values of business (and corporate culture), as discussed next.

Business Values and Corporate Values

Just as culture and organizational culture may be understood at different conceptual levels, so too is it useful to distinguish business values from corporate values. However, this conceptual distinction should not be allowed to cloak the continuities they share.

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developed by anthropologists and organization theorists is found in Linda Smircich, "Concepts of Culture and Organizational Analysis," Administrative Science Quarterly, 28 (1983): 339-358. For a flavor of the differing meanings of culture that emerge from the work of anthropologists and organization theorists, see James R. McLeod, "Ritual in Corporate Culture Studies: An Anthropological Approach," Journal of Ritual Studies, 4 (Winter 1990): 85-97.

The generic values of business--those values that identify an activity as business, those that define business's unique function in human society--form a cluster centered on economizing. Three principal values comprise this cluster: ECONOMIZING, GROWTH, and ORGANIZATIONAL BONDING/SYSTEMIC INTEGRITY. These three values are present in all business organizations, creating a set of motives, defining lines of expected behavior, and setting priorities for the achievement of business goals.

These generic values lie at the deepest layers of business consciousness and represent the most fundamental components of business culture. They are rarely if ever questioned. Their existence and presence are assumed to define the core purpose-- the _raison d'etre_--of the business institution.[8]

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[8] Labeling these values "generic" is potentially problematic. What is meant here is that these economizing values are the most fundamental business values possible to conceive. They cause business to be what it is and to do what it does in the sense of carrying out its central mission as an organized human activity. In the larger account of this theory of business values, economizing values are called "original" values to connote their fundamental, foundational meaning. Other values that are characteristic of business, including those associated with power-aggrandizement, are called "found" values, simply because they are present and are typically found in business firms though they are not essential to business's central mission. In this present paper, the term "generic" is applied to both the economizing value cluster and the power-aggrandizement value cluster. This terminological inconsistency is necessitated by space and time constraints of the symposium for which this paper has been prepared.

Another terminological difference should be noted between Schein's usage of "value" and the one adopted in the present paper. "Value" for Schein is a provisional proposition or assertion not fully shared or accepted as valid by others until it has stood the test of aiding problem resolution. Only when values have achieved this level of social consensus can they be transformed into beliefs and "basic assumptions." The most fundamental taken-for-granted assumptions shared by the members

It is through the operationalization of these values that the firm adapts to its environment and lives to see another accounting quarter. Economizing, when well directed, produces profits; growth manifests enhanced productivity; and organizational bonding achieves the requisite amount of internal integration to make it all possible.

Also embedded in the business value system is another value cluster, which sustains a process of power-aggrandizement. These values, while characteristic of business, are neither a unique possession of business nor essential to its basic economizing mission. Here one finds the values of HIERARCHICAL ORGANIZATION (RANK ORDER), MANAGERIAL DECISION POWER, and POWER AGGRANDIZEMENT. These values too have been driven into the deeper layers of business mentality, finding ready acceptance and expression on a day-to-day basis.

Taken together, these two value clusters occupy the fundamental value space of the business institution. Most (perhaps all) other values that one would want to add to this list are

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of an organization comprise the deepest layer of Schein's organizational culture; as such, these assumptions are rarely if ever debated or confronted because "members would find behavior based on any other premise inconceivable." (p. 18) This latter meaning, in the present paper, is precisely the intended meaning of "generic values of business." These terminological differences should not obscure agreement that cultures rest on a bedrock of submerged preconceptions which have the effect of orienting the human carriers of culture to their world and to ways of dealing with it. Cf. Schein, op. cit., pp. 13-21.

derived from or supportive of these six values.

Other, personal-individual value commitments are regularly brought into the business firm by those who work there. These personal values, while in business, are not of business. They are thought by some to exert varying amounts of influence on business operations and practices, but their force can seldom if ever match the institutionalized value clusters that sustain economizing and power-aggrandizement.[9]

This latter view is sustained by noting, quite briefly, the source of the two master value clusters of business. Both are rooted firmly in both nature and culture. Economizing processes have underlain the existence, sustenance, and efflorescence of all biotic life on earth, including human forms. At its most basic level, economizing manifests the operation of the first and second laws of thermodynamics through which environmental energy becomes available to support life and thereby to postpone the entropic degradation of energy that spells eventual decline and decay. As this (literally vital) function was incorporated into human culture and eventually into organizational-institutional forms capable of ever-more successful economizing, the foundations of today's business institution were laid.

The evidence is compelling if not entirely conclusive that

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[9] See George W. England, "Personal Value Systems of American Managers," Academy of Management Journal, 10, 1967: 53-68. England distinguished "intended [personal] values" from "operative [organizational] values," his research revealing that the former may be present in the workplace but are typically overshadowed by the latter.

power-seeking and its magnification also reflect a genetically-embedded process that subsequently experienced cultural elaboration. Ethologists record widespread instances of phylogenetically-based aggression and dominance, and some of these patterns can be observed among nonhuman, noncultural hominoids. One would probably need to posit a discontinuity of natural evolutionary processes that is not frequently encountered to argue that the dawn of culture signalled the end of genetically-disposed aggressive, dominance-seeking aspects of human behavior.

Whatever the answer to that puzzle turns out to be, there can certainly be widespread agreement that rank order and its associated organizational behaviors find a secure place in business culture today.[10]

The values typically found in corporate culture are an extension and elaboration of these generic business values. Nothing but a convenient (and useful) conceptual distinction separates the two. James O'Toole's list does better than most in identifying the central values of corporate-managerial culture.[11]

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[10] For a survey and one interpretation, see Jeffrey Pfeffer, Power in Organizations, Marshfield, MA: Pitman Publishing, 1981. The literature on power in, and affecting, organizations is voluminous. An interesting conceptual exploration of power concepts relevant to corporate analysis is David R. Hiley, "Power and Values in Corporate Life," Journal of Business Ethics, 6 (1987) 343-353.

[11] James O'Toole, "Corporate and Managerial Cultures," Chapter 2 in [editor, book title, publisher, date unknown], pp. 7-28. Cf. James O'Toole, Vanguard Management: Redesigning the Corporate Future, New York: Berkley Books, 1987, where the emphasis is on identifying values and goals that he believes corporations should cultivate. By identifying the reciprocal of these preferred "vanguard" values, a reader can develop a list

They are paired here with their generic value equivalents:

O'Toole	Generic Value Equivalents
* Economic efficiency	* Economizing/Productivity
* Growth	* Growth/Sustained economizing
* Profit maximization	* Profit f(Economizing)
* Loyalty to the system	* Hierarchical ideology
* Camaraderie	* Organizational bonding/Rank order
* Security, power, stability	* Managerial decision power/ power aggrandizement

The ECONOMIZING core of the modern business corporation defines--and justifies--its central mission. By finding, organizing, and allocating resources to specific uses, the corporation draws energy from and adapts to its environment. This is the classic function of all economizing units in a world of entropic trends and forces. The process relies on a pragmatic posture toward problem solving, a practical turn of mind, a logical-rational analytic approach, and a utilitarian cost-benefit calculus. The outcome of successful economizing is a margin of energy (i.e., resources) that we call profit.

Another outcome of economizing is GROWTH which takes the form of enhanced productivity rates, increased production, greater sales volume, larger market share, penetration of new

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that roughly parallels O'Toole's earlier version given here. Interestingly, O'Toole has an anthropological background, which may explain (and validate) his grasp of corporate culture's value system.

markets, new-product developments, technological innovations, an expanded workforce, more capital assets, greater usage of transportation and communication networks, and all other augmentations of productive and distributive functions that result from and contribute to the firm's economizing processes.

These economizing activities and outcomes are more likely to be achieved when the values of ORGANIZATIONAL BONDING/SYSTEMIC INTEGRITY are given full sway. Here, one sees the importance of work discipline, cooperative teamwork, specialization of task (division of labor), and all forms of organization that promote an exchange of information, free flow of work processes, and an interchange of workers and functions among needed economizing tasks.

This economizing value cluster does not stand alone in the modern corporation. It shares value space with POWER-AGGRANDIZE-MENT. The linked values of HIERARCHICAL RANK-ORDER and MANAGE-RIAL DECISION POWER cultivate power-seeking attitudes and behaviors. Augmenting and preserving the power of individual managers, as well as that of the entire enterprise, becomes a central goal. Expansion that magnifies managerial and corporate power may, and frequently does, replace growth as an organizational goal. When this happens, the economizing function and its values are placed at the service of the power-aggrandizing function and its values.[12]

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[12] For a fuller discussion of these relationships, see William C. Frederick, "Anchoring Values in Nature: Toward a Theory of Business Values," Business Ethics Quarterly, forthcom-

The contradictions and inconsistencies that prevail between these two value sets create most of the internal drama of corporate life and set the stage for many of the ethical dilemmas that occur there. Together they establish a climate of behavioral expectations among all who work and come into contact with the corporation.

A rich lode of anecdotal and research literature gives insight into the impact of these two dominant value clusters on those who occupy posts within this kind of corporate culture. I shall draw selectively on this material to demonstrate the grip of corporate culture on the managerial mind.

Structure and Process in Corporate Culture

Pragmatic rationality directed toward the attainment of a firm's economizing goals typifies those who manage business corporations. George England's pioneering research revealed that 57 percent of U. S. managers take a pragmatic approach to their work, with only 30 percent displaying an ethical decision-making orientation in the workplace. Japanese managers registered even higher levels of pragmatism--two thirds of those studied--while only 1 in 10 considered ethical matters as they approached business decisions.[13]

Barry Posner and Warren Schmidt discovered that U. S.

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[13] George W. England, <u>The Manager and His Values</u>, Cambridge, MA: Ballinger, 1975, p. 20. Cf. England, op. cit.

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managers (1) rank organizational economizing goals (organization-
al effectiveness, high productivity, organizational leadership,
high morale, and organizational efficiency) highest; (2) consider
internal stakeholders involved in productive functions to be more
important than external stakeholders; and (3) most admire the
qualities of integrity (trustworthiness), cooperativeness (team
player), competence (capable, productive, efficient), and deter-
mination (industrious, hard-working) in their workplace col-
leagues. These findings directly support organizational econo-
mizing and suggest the dominance of corporate goals over oth-
ers.[14]

James Weber's research is consistent with this overarching
importance of organizational-economizing values. His sample of
U. S. managers revealed their preference (by a ratio of three to
one) for person-centered and competence-promoting values, more
than social-centered moral values. He also discovered that these
managers reason at lower levels of moral development (1) when
employed in large corporations (possessing formidable bureaucrat-
ic cultures) rather than medium and small-scale firms and (2)
when confronted with a moral dilemma situated in a business
context (where the force of corporate culture is directly felt)

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[14] Barry Z. Posner and Warren H. Schmidt, "Values and the
American Manager," California Management Review, XXVI, 3, Spring
1984, pp. 202-216. Cf. Warren H. Schmidt and Barry Z. Posner,
Managerial Values in Perspective, New York: American Management
Associations, 1983; and Barry Z. Posner and Warren H. Schmidt,
"Ethics in American Companies: A Managerial Perspective," Journal
of Business Ethics, 6 (1987) 383-391.

than when a moral issue arises outside of business.[15]

The most chilling accounts of corporate value systems are provided by Robert Jackall and Howard Schwartz.[16] Their research reveals an organizational-economizing process that operates in the service of power-aggrandizement values. Jackall found that power-seeking and power-keeping dominate the lives of corporate managers, often overriding the firm's economizing needs and teaching managers and their corporate colleagues a moral code that subordinates all to the ingrained system of power-aggrandizement. "The hierarchical authority structure that is the linchpin of bureaucracy dominates the way managers think about their world and about themselves. . . . In short, the subordinate [too] must symbolically reinforce at every turn his own

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[15] James Weber, "Managers' Moral Reasoning: Assessing Their Responses to Three Moral Dilemmas," Human Relations, 1990: 43: 687-702; and James Weber, "The Relationship between Managerial Value Orientations and Stages of Moral Development: Theory Development and Empirical Investigation with Behavioral Implications," unpublished doctoral dissertation, University of Pittsburgh, July 1988. In related research, Frederick and Weber failed to find a significant link between managers' personal value preferences and various corporate policy orientations that had been criticized by social activist groups. They opined that organizational goals and organizational values are more likely to be the source of value dissonances between company and critical external stakeholders than the personal value commitments of corporate managers. Cf. William C. Frederick and James Weber, "The Values of Corporate Managers and Their Critics: An Empirical Description and Normative Implications," in William C. Frederick and Lee E. Preston (eds.), Research in Corporate Social Performance and Policy: Empirical Studies of Business Ethics and Values, vol. 9, Greenwich, CN: JAI Press, 1987, pp. 131-152.

[16] Robert Jackall, Moral Mazes: The World of Corporate Managers, New York: Oxford University Press, 1988; and Howard S. Schwartz, Narcissistic Process and Corporate Decay: The Theory of the Organization Ideal, New York: New York University Press, 1990.

subordination and his willing acceptance of the obligations of fealty." (pp. 17, 19) As one top-level manager told Jackall, "What is right in the corporation is not what is right in a man's home or in his church. <u>What is right in the corporation is what the guy above you wants from you</u>. That's what morality is in the corporation." (p. 6)

Howard Schwartz attributes the organizational and competitive decay of General Motors to what he calls "totalitarian management" run amok. He also believes that corporate managers identify their narcissistic selves with their company's goals and needs and become addicted to serving these organizational ideals. Others confirm the omnipresence of these traits and the emotional burdens they convey to many who work in corporations or who direct corporate affairs.[17]

These scholarly studies are constantly updated by the popular business press, as any regular reader of <u>The Wall Street Journal</u>, <u>Fortune</u>, <u>Forbes</u>, and <u>Business Week</u> can testify. <u>Business Week</u> has spoken of "CEO disease" that is epidemic in corporate suites, infecting its carriers with bloated egos, a can-do-no-wrong attitude, a dependence on supportive sycophants, an

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[17] Anne Wilson Schaef and Diane Fassel, <u>The Addictive Organization</u>, San Francisco: Harper & Row, 1988, especially Section III; and Charles M. Kelly, <u>The Destructive Achiever: Power and Ethics in the American Corporation</u>, Reading, MA: Addison-Wesley, 1988. Cf. also Diane L. Swanson, "Dysfunctional Conglomerates: An Explanation Provided by Linking Individual Ontologism to Social Relations Within an Open System Context," <u>Behavioral Science</u> (forthcoming), for a theoretical account of the role played by managerial power and grandiosity in conceiving and implementing corporate merger policies.

addiction to status symbols and privileges, and a reluctance to consider (and sometimes a deliberate campaign to frustrate) the selection of a successor.[18] A case in point is suggested by the recent resignation of R. S. Miller Jr., Chrysler's vice chairman, who had been a leading candidate as Chairman Lee Iacocca's successor until "he sent a memo to board members that criticized Mr. Iacocca."[19] Miller clearly had not learned to accept the "obligations of fealty."

When General Electric's CEO, John Welch, declared (rather imperiously) in his company's annual report that autocratic management styles would no longer be tolerated there, The Wall Street Journal considered it remarkable enough to give the story prime coverage. Welch spoke, in a voice that few in GE's manage- rial cadre would have misunderstood, of a promising future ("onward and upward") for the manager who "delivers on commit- ments--financial or otherwise--and shares the values of our company." But "the autocrat, the big shot, the tyrant" who "suppresses and intimidates" would no longer be tolerated.[20] The autocratic delivery of this seemingly anti-autocratic message makes one wonder just how large a dint will have been put in the authoritarian rank-order system of GE's culture. The uninten-

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[18] "CEO Disease," Business Week, April 1, 1991, pp. 52-59. See also "Trying Harder to Find a No. 2 Executive," Wall Street Journal, June 19, 1989, p. B1.

[19] "Some Holders in Chrysler Back Lutz for Chief," Wall Street Journal, March 6, 1992, p. A4.

[20] "GE Is No Place for Autocrats, Welch Decrees," Wall Street Journal, March 6, 1992, p. B1. Emphasis added.

tional inconsistency projected by Welch's decree reminds one of the US Army officer during the Vietnam War who claimed that his troops had had to destroy a village in order to save it.

The pragmatic authoritarianism that suffuses corporate culture typically turns the company's power brokers toward expansionist goals. Growth and expansion can bring tangible rewards of greater influence, larger domains of authority, pecuniary prizes, symbolic glory, and magnified psychological satisfactions to those who direct and can claim credit for leading their companies toward expanded fields of business endeavor.[21]

As often, though, one reads of the ruination of careers and entire companies whose executives reached too far, driven as they were by power-aggrandizement urges. Among the many examples, the following two provide typical color and drama.

Circle K's attempt to expand into a convenience store giant big enough to compete with 7-Eleven eventually pushed the firm into bankruptcy. The Wall Street Journal reported that "some directors came to believe that [the CEO] had concentrated so much on expansion--adding roughly 500 new stores a year--that he didn't have an adequate knowledge of what was being sold in his 4,700 stores. . . . What he has striven for are power and recognition." A former corporate colleague who became an adversary as they struggled for control of another company has written

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[21] Aspects of this story are told in Ralph Nader and William Taylor, The Big Boys: Power and Position in American Business, New York: Pantheon Books, 1986.

that Circle K's CEO was "interested primarily in going from deal to deal like a dog in heat. He doesn't care to manage what he gets."[22]

Another corporate culture whose "lust for growth at all costs" drove its firm into bankruptcy and ruin was Laventhol & Horwath, the nation's seventh-largest accounting firm before its fall. According to Business Week, it experienced "dizzying growth" beginning in the mid-1980s, engaging in a "merger binge" that scooped up many smaller accounting practices and resulted in a doubling of revenues by 1990. Never able to integrate these diverse and widespread operations, top management created a work climate that the head of one office said "brought out the worst in people: fiefdomism, lack of cooperation, and avarice on the part of some." These aggressions, released by the expansionist frenzy, blended with other values to generate over 100 malpractice lawsuits, defaults on bank loans, and "a client roster that often looked like a rogues' gallery." Among its clients (all enjoying the benefits of L&H confidence-building audits) were a jailed swindler, a penny-stock firm accused repeatedly of fraud, and televangelist Jim Bakker whose financial shenanigans defrauded investors of millions of dollars. L&H also had the distinction of being the first large accounting firm found guilty of civil racketeering. A CEO brought in to rescue the company in its final days was "overwhelmed by business pressures beyond his

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[22] "Karl Eller of Circle K, Always Pushing Deals, May Have Overdone It," Wall Street Journal, March 28, 1990, pp. A1, A14.

control," according to Business Week. The expansionist push that began in 1985 thus ended in ignominy in 1990 as the bloated empire collapsed of its own weight.[23]

In sum, the twin value clusters of business, given tangible form by corporate culture, drive the business firm toward economizing goals and power-aggrandizing goals. The resultant workplace climate enables managers and other employees to know what is expected of them as they perform their tasks. As with culture generally, corporate culture is centered on values that ultimately define and direct behavior into approved channels. Values that are not rooted within this culture have little prospect of influencing corporate decisions, policies, or practices.

Personal Values and Corporate Culture

The personal values of those who work in corporations exert an indeterminate influence on events in any given firm. Their influence is indeterminate and largely unpredictable for two reasons: the diversity of personal values and the diversity of the business context.[24]

An inventory of all the personal value commitments and preferences of all managers and employees in any sizeable business firm would reveal an astonishing array and variety of

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[23] "Behind the Fall of Laventhol," Business Week, December 24, 1990, pp. 54-55.

[24] The indeterminate character of these personal value clusters is the reason why they are labeled "X-factor values" in the more comprehensive version of the theory. Cf. Frederick, op. cit.

viewpoints. Moreover, another firm's inventory would be likely to display a different personal value profile, because its personnel would have been recruited from other sources with varying demographic traits (ethnic identity, gender, age, national and regional habitat, professional-technical qualifications, education level, work experience, political affiliation, etc.). Such demographic variety makes it virtually impossible to know or to predict with any certainty the precise mixture of personal values that may be brought into the workplace of any given firm.

Contextual features also determine the amount of decisional and policy influence exerted by personal values. Firm size, competitive industrial patterns, conventions within given industries, a firm's technological profile, its market structures, geographic locales, linkages (such as joint ventures) with other firms, life cycle status (whether early or late, growing or declining), and the shape and nature of the organization's role structure--all of these and other situational traits may create opportunities for, or close the door on, the active expression of personal values in the workplace.

The most likely pathways through which personal values might find operational outlet in the business firm are probably to be found within the architectural design of the company's role structure. Role configurations vary considerably from company to company, some defining role obligations severely while others permit much latitude to the role occupant. In the latter case, the value space of any particular role could conceivably be

shared by the dominant cultural value obligations that stem from economizing and power-aggrandizement and contrasting personal value commitments brought to the role from outside the firm. A close reading of Barbara Toffler's "in-their-own-words" inter-views with thirty-three corporate managers reveals varying amounts of role-and-task latitude permitted to role occupants in confronting workplace ethical issues.[25]

A variant of role-linked personal value involvement is the influence almost universally accorded to the personal values and ethical beliefs of corporate CEOs. They are said to be the fount of ethical culture within their companies, serving both symboli-cally and behaviorally to define the outer limits of ethical expectations for all.[26] They occupy this pinnacle of glorified ethical posture, of course, as a function of the hierarchical ordering of status ranks rather than from any imputed superiority of their ethical insights.

Personal value commitments linked to role occupancy are sometimes seen also when top-level executives, taking advantage of their preeminent command of resources and contacts among others within the corporate elite, initiate social-betterment activities that carry ethical import. A recent example was

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[25] Barbara Ley Toffler, <u>Tough Choices: Managers Talk Ethics</u>, New York: John Wiley & Sons, 1986. For Toffler's views on the influence of role structure, see pages 28-38.

[26] This trait is named as the most critical component of ethical programs described as exemplars among large U. S. corpo-rations in The Business Roundtable, <u>Corporate Ethics: A Prime Business Asset</u>, A Report on Policy and Practice in Company Conduct, New York: The Business Roundtable, February 1988.

reported in The Wall Street Journal: the founder and chairman of a Chicago-based venture capital firm is noted for devoting much of his personal fortune and professional energies to improving Chicago's inner-city public schools. Able to move with ease among elite members of Chicago's corporate, political, trade-union, and school systems, he remarked, "I'm better off working from within the establishment. I want my friends who really do have power to trust me, to think that the things we're doing are right." This kind of external access, and the influence it spawns, is attributable entirely to his occupancy of a top-level corporate role in his own company. His admirable devotion bespeaks a personal value commitment that is magnified by his role preeminence and that otherwise might well have been ignored by this leading business journal. Most notable, though, is that his ethical concerns find outlet as an adjunct to his corporate role-and-task responsibilities. As such, they lie well outside the firm's dominant economizing culture, which is reported to have been quite successful for two decades. The CEO's pilgrimage is a personal one, not an integral part of his company or its culture.[27]

In sum, one finds that personal values manifesting ethical import may be expressed by role occupants who labor within the confines of corporate cultures. At some indeterminate point, these personal values unavoidably intersect with the dominant

[27] "Mid-Life Mission: A Businessman Turns His Skills to Aiding Inner-City Schools," Wall Street Journal, February 25, 1992, pp. A1, A6.

values of economizing and power-aggrandizement. The outcome, while also indeterminate in any given episode, may well define a range of ethical transactions and negotiations sought by ethics reformers.

Prospects for Ethical Reform in Corporate Workplaces

The principal task confronting ethics reformers is to introduce alien values into a corporate culture that is dominated by economizing and power-aggrandizing values. The challenge is made especially difficult by three interrelated factors: (1) economizing and power-aggrandizement are rooted in and derive their meaning from natural evolutionary processes of ancient lineage; (2) economizing values sustain human adaptation while power-aggrandizing values sustain authoritarian privileges not readily surrendered; and (3) institutionalized cultural forms of any kind that serve human purposes and needs, however they may be defined, are not easily uprooted or replaced.

All efforts to deflect business behavior and practice from the course set for it by generic business values can be expected to encounter formidable resistance. Clearly, some of the values proposed by ethics reformers as a basis of ethical work climates are alien to business as we know it. These include a caring attitude, personal independence, a just organization, equal treatment, distributive justice, compassion, tolerance, autonomy, and similar values noted by various research scholars.

Three possible outcomes are likely to greet any proposal

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that business adopt such values.

First, outright rejection by the company and its commanding personnel is highly probable. A not-so-well-kept secret of ethics researchers and consultants is the extreme sensitivity registered by corporations who are asked to participate in ethics research or who themselves call upon outside help when faced with an ethics crisis. Robert Jackall was rebuffed by thirty-six corporations before gaining access to four companies "through fortuitous circumstances and for reasons independent of any intrinsic merit that my proposed study of managerial ethics might have had."[28] Barbara Toffler also reports that her original intention to study a wide range of firms had to be scaled back when she encountered "the concerns of many companies . . . about participating in an 'ethics' study . . . ." Before proceeding, she had to work out a procedure that assured individual partici-pants they "would not be seen as going behind the company's back."[29]

This kind of organizational paranoia is perfectly under-standable in light of the fundamental threat that competing values might pose to the corporation's prevailing value system. The mere exposure of key organizational members to alien values mentioned by a researcher is seen as a risk. The extent of managerial alarm is enormously magnified when ethics consultants design programs that, when enacted, would push a company well

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[28] Jackall, op. cit., pp. 13-16.

[29] Toffler, op. cit., p. 40.

beyond the orbit of its ingrained value system.

A second kind of reaction to proposed ethics reform is provisional acceptance if the alien values can be made compatible with but subordinate to the generic business value system. This posture presumably explains the ethics programs--policy declarations, ethics codes, ethics advisors, ethics hotlines, ethics audits--that have appeared among many large corporations in recent years. Here, also, one finds the doctrine that "good ethics is good business" and vice versa. As one corporate think tank reported, "[Executives studied] believe that a company's primary ethical responsibilities are defined by the nature of its corporate objectives."[30]

The prestigious Business Roundtable argued for an even more direct link of ethics and business goals: ". . . many executives believe that a culture in which ethical concern permeates the whole organization is necessary to the self-interest of the company. This is required, they feel, if the company is to be able to maintain profitability and develop the necessary competitiveness for effective performance. In the view of the top executives represented in this study, there is no conflict between ethical practices and acceptable profits. Indeed, the first is a necessary precondition for the second. Sound values, purposes, and practices are the basis for long-range achievement. . . . corporate ethics is a strategic key to survival and

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[30] Ronald E. Berenbeim, <u>Corporate Ethics: A Research Report from the Conference Board</u>, New York: Conference Board, 1987, p. 1.

profitability in this era of fierce competitiveness in a global economy."[31] The message here is quite clear: ethics and profits not only are understood by the executive mind to be functionally linked but ethics in fact must operate that way to find acceptance within the executive suite.

A third possibility confronting ethics reform proposals deserves mention, if only because it is heard so frequently. The academic air is filled with proposals that might usefully be called proposals-in-perpetuity. Their perpetual quality arises from the fact that they are never accepted nor implemented but merely linger on as reminders to business that it falls short of various ethical precepts. The authors of these proposals typically attempt to cobble together two incompatible components: ancient abstract philosophic principles and modern corporate practices. These well-meaning schemes usually overlook the lack of any organizational-functional linkage between the preferred philosophic precept and the arena of everyday business practice. The unfortunate and lamented result is as tinkling glass and clashing cymbals, signifying little or nothing of import to the ethical needs of today's corporations.[32]

The aridity of these three probable outcomes of ethics

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[31] The Business Roundtable, op. cit., pp. 9-10.

[32] When faced with a Hobson's choice of this sort, one might well prefer the ethical superficialities of management consultants to the rootless profundities of well-meaning philosophers, on grounds that the former's work is accomplished within an organizational context while the latter's is projected from an abstract platform largely detached from the operational world of business practitioners.

reform efforts gives one pause in contemplating the topic of this symposium--"creating and maintaining ethical work climates." What, then, _are_ our prospects?

Conclusion: What Can Be Done

The only ethics reforms likely to become significantly operational in the corporate sphere are those that explicitly recognize the nature and force of the generic business value system as manifested in and patterned by corporate culture. That means acknowledging the evolutionary origins and functions of economizing and power-aggrandizement as value phenomena perpetuated through time and cultural space by both nature and culture. It also requires acceptance of the behavior-shaping force of this deeply-embedded value system within the modern corporation. This is the experiential platform from which to view--and to attempt to reform--the workplace.

As dominant as culture has been shown to be in channeling human behavior, it need not be conceived in rigidly deterministic ways. The long march taken by humans since their first appearance on earth, as well as the incredibly complicated network of behaviors and institutions that cultural evolution has spawned, speak to culture's almost boundless expansiveness and flexibility. Within that seeming infinitude of behavioral possibilities, one might well search for and find ethical pathways that both support the adaptive features of generic business values and find ways around the maladaptive trends that lurk within the corpora-

tion's value sets.

Bart Victor and John Cullen have demonstrated empirically the existence of a range of ethical climates in different types of business firms.[33] Factor analysis revealed five types of climate emerging from the use of varying ethical criteria. The companies they studied could be distinguished from one another on this basis. While a single company might be dominated by only one of these five ethical climates, elements of the other types might also be present. These climates, they tell us, "influence what ethical conflicts are considered, the process by which such conflicts are resolved, and the characteristics of their resolution." (p. 105)

Here, then, is demonstrable evidence of a link between organizational culture, ethical precepts, and modes of ethical reasoning. One need not rely exclusively on the extremely difficult insertion of alien value components into corporate culture nor upon the dubious advocacy of abstract philosophic ideals. Some of the raw materials of ethical work climates are already present, often lying fallow but nevertheless potentially available for use.

Releasing the sometimes furtive ethical potentials that lurk within organizations and making them more fully operational is no doubt a difficult task, one that calls for large measures of

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[33] Bart Victor and John B. Cullen, "The Organizational Bases of Ethical Work Climates," _Administrative Science Quarterly_, 33 (1) (1988): 101-125. An earlier, and in some respects a clearer, version of their work appears in Frederick and Preston, op. cit., pp. 51-71.

organizational skill, collaborative effort, and courageous leadership.[34] As noted earlier, the interstices of organizational role structures probably harbor pathways that permit an open if limited expression of ethical values among those who work in today's corporations.

Karen Gaertner's research hints at two relationships of enormous importance.[35] In a simulated business setting, she has demonstrated the presence of a reciprocal relationship between perceived ethical climate and an acting out of ethical precepts based on principled moral reasoning. This interplay "can create an atmosphere in which ethical criteria are used more frequently, resulting in more rights-based decisions." (p. 20)

Perhaps even more important, given the dominance of generic business values in corporate culture, is her finding that "moral reasoning does not have a dampening effect on the use of economic criteria . . . . Those who use principled moral reasoning are as likely to use economic criteria as others. In fact, there is a tendency for those who use principled moral reasoning to use economic criteria <u>more</u> than those with lower levels of principled moral reasoning. This may reflect a more complex cognitive decision making process, <u>recalling that cognitive moral development and intelligence are strongly related</u>." (pp. 18-19, emphasis

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[34] The largest measures of wisdom about the prospects facing those who wish to change organizational cultures are found in Schein, op. cit., especially the chapters in Part III.

[35] Karen Gaertner, "Making Ethical Decisions: Individual and Organizational Determinants," unpublished manuscript under review, December 1991.

added)[36]

If this observation is linked to our understanding of values as expressing the deeply ingrained experiential meanings of our lives, it permits us to bring forward the role of human intelligence as a component of the valuing process. It is through experiential learning based on intelligent observation that we favor the adaptive values conveyed to us by both nature and culture over the maladaptive ones that continue to haunt and plague us. That this process of winnowing the adaptive from the maladaptive can occur within corporate culture gives one hope that ethical work climates can indeed be created and maintained.

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[36] A similar conclusion was reached by James Meindl whose research revealed an "observed convergence between justice and productivity in the thoughts and recommendations of the managers who participated in this research. . . . The pursuit of work productivity, through the allocation of resources, is substantially consistent with their views about the production of justice and fairness in the workplace." James R. Meindl, "Managing to Be Fair: An Exploration of Values, Motives, and Leadership," Administrative Science Quarterly, 34 (2) (1989): 272. As a precautionary note, it is worth observing that Meindl's study can be interpreted less generously as demonstrating only a tendency of ensconced managers to see productivity as enhanced by adherence to established rank-order arrangements that define culturally-bounded concepts of organizational justice. This limitation does not seem to be true of Gaertner's work.