MORAL PROBLEMS OF MIDDLE MANAGEMENT

Manuals of moral theology usually have sections directed to the specific moral problems of professional people—nurses, doctors, lawyers. The ever-growing concern of theologians for the moral problems of businessmen warrants an additional section that will outline these problems and that will at the same time offer some guidelines for solutions. One area for concern is that of middle management. It is the purpose of this study to suggest a framework within which these problems might be studied. It is also within the scope of this paper to ask pertinent questions for future discussion and to suggest guidelines for solutions. But solutions, of necessity highly qualified and tentative, cannot be contained within the space limitations of this paper. The purpose of this paper, then, is to acquaint theologians and priests with the problems of middle managers, to suggest a framework for approaching these problems, and to offer guidelines for their solution.

Introduction

Managers consider pressure as one of the most important and constant factors in their daily job-related activities. Primarily decision-makers, managers on all levels of a corporate enterprise cover the whole gamut of pressure from the completely amoral to the completely moral in planning, organizing, controlling, and coordinating the activities of others. In seeking to balance the ethical "ought" with the economic "must" they face conflicting pressures. Besides the ordinary pressures popularly associated with management and its "organization man," technological change in the forms of automation, mergers, and structural reorganization intensifies existing pressures and frequently adds new pressures in the forms of job survival, revised managerial roles, and adjustment to geographical relocation. A subtle but significant technological change is currently affecting the roles of middle managers. Called "middle management revolution," it directs all routine and repetitive decisions on the operational level (including judgments about efficiency, deadlines, and inventory control) to automated systems so that fewer, but more responsible, jobs are open to middle management.[1] Furthermore, an increasing number of Catholic college graduates, currently proportionate to Catholic population growth (about 29%), intend to make a career of business, preferably in large corporations.[2] And it is precisely in large corporations that pressures are most keenly felt. Middle management pressures, then, have a pastoral as well as a moral dimension.

Although managers throughout the organizational pyramid experience pressure, decision-makers in the middle echelons not only are structurally subjected to greater pressure from more inside and outside sources, but they also recognize in these pressures sources of moral conflict. They are the target for vertical and horizontal crossfire: from the top to produce, from the bottom to open channels to the top, from peers on the same level to compete for advancement. In a word, job-related pressures tend to create job-related moral problems for middle managers.

Middle managers associate their most important moral problems with three principal sources of job-related pressures: (1) from superiors for compliance; (2) from family for time and affection; (3) from peers in competition for advancement. Each of these pressure areas offers specific moral problems for review. For the purpose of study, the three distinct pressure areas will be treated as separate units containing specific moral problems, pertinent moral principles and suggestions for pastoral application. A brief description of man-

[1] Cf. G. Burck and the Editors of *Fortune, The Computer Age and Its Potential for Management* (Harper Torchbooks; New York: Harper & Row, 1965), Chapter V: "Management May Never Be the Same Again," pp. 100-19. W. Buckingham, *Automation. Its Impact on Business and People* (Mentor Executive Library Book; New York: The New American Library of World Literature, Inc., 1963), Chapter III: "Automation And Management," pp. 49-70. "The Cybernated Generation," *Time*, April 2, 1965, pp. 84-91.

[2] Cf. L. Ward, "The Ethnics of Executive Selection," *Harvard Business Review*, XLIII, No. 2 (March-April, 1965), 6-8+. For a summary of this article, cf. B. Masse, S.J., "Ethnic Patterns in Management," *America*, CXII, No. 17 (April 24, 1965), 612.

agement decision-making will prepare the reader for a clearer understanding of the middle manager's role in a business enterprise.

Notion of Middle Management

Managers "manage" when they achieve the objectives of an enterprise through the efforts of others. Functionally, they manage by planning, organizing, motivating, and controlling within an organizational structure that is frequently multi-level. Many industrial organizations have three managerial levels: *top management*, which sets broad plans for organizational activity; *middle management*, which translates general policy and broad plans into specific, workable procedures; and *lower management*, which puts these specific procedures into operation. Middle managers frequently refer to themselves as "administrative managers," "reality testers," or "expeditors," who check progress, meet deadlines, and suggest alternatives to improve operations. They decide which top management ideas can be put into action immediately, what needs replanning before it is workable, and what might be eliminated entirely. Filtering directives from the top, they become in reality middlemen in the chain of command and of communications. But they are also the stepping stones of supervisory and employee needs to the top. On the horizontal plane, middle managers work with their own peers within the same functional field (e.g., marketing) or in different departments (e.g., production and sales) or in geographically dispersed offices and plants (e.g., branch sales managers). Depending upon their particular roles within the enterprise, some will have close contact with outside individuals or groups as salesmen, union leaders, community representatives and trade associates.

Classified according to title or position, middle managers are properly functional department heads (e.g., advertising, sales, production, purchasing, etc.), although they are sometimes section, branch, or district managers.

Management consultant Nathaniel Stewart offers an operational description that clearly summarizes the notion of middle management: "Middle managers are expected to translate general policies and broad plans into specific workable programs and systems, to interpret management to their subordinates and to interpret prevailing supervisory and employee needs, attitudes and problems to upper management."[3]

From this brief description of middle management, one thing becomes apparent: middle managers are prime targets for role conflict and its ensuing pressures. It is precisely in these pressure areas that middle managers come face to face with job-related morality.

Role Conflict, Pressure and Moral Problems

Role conflict exists when an individual is faced with opposing obligations that arise from his various positions in life. In general, businessmen see job-related activities as the principal source of their role conflicts. They constantly involve human beings and human values in their decisions. Unlike the scientist and the technologist who invent and develop machines but who leave judgment about their moral use to others, the manager incorporates human values in producing goods and in providing services. "His everyday tasks," wrote Benjamin and Sylvia Selekman, "carry him through the whole gamut of activities from the completely amoral to the completely moral. Thus, the technical 'must' and the ethical 'ought' are constantly intermingled."[4] When the technical or economic "must" is opposed to the ethical "ought," role conflict appears until a satisfying solution is attained.

Underlying the problem of morality in business lies the twofold job-related conflict: first, what is expected of the manager as an efficient, profit-conscious businessman; secondly, what is expected of him as an ethical person.[5] This basic conflict takes on different

[3] N. Stewart, "Make Every Job a Challenge," *Nation's Business,* XLVI (August, 1958), p. 80. For a comparison between top and middle managers self-evaluation, cf. L. Porter and E. Ghiselli, "The Self Perceptions of Top and Middle Management Personnel," *Personnel Psychology,* X, No. 4 (Winter, 1957), 397-406. V. Packard uses this study to explore the shortcomings of middle managers. Cf. *The Pyramid Climbers* (Greenwich, Conn.: Fawcett Publications, Inc., 1964), pp. 123-29.

[4] *Power and Morality In A Business Society* (New York: McGraw-Hill, 1956), p. 59.

[5] This basic conflict is presented in Father Baumhart's doctoral study on the ethical stature of U.S. businessmen. Cf. R. Baumhart, S.J., "How Ethical Are Businessmen?" *Harvard Business Review,* XXXIX, No. 4 (July-August, 1961), 6-8+.

expressions. Top executives are pressured from stockholders to declare dividends and from labor unions to offer a more generous contract. Sales managers are forced to insist on unreasonable quotas even if unfair means will be employed. Production managers are expected to know competitors' products, although "industrial espionage" is the only effective means available. Regardless of the problem, the role conflict is basically the same. What role conflicts do middle managers experience?

Two surveys on role conflict identify those moral problems that managers consider important. The first is the widely acclaimed Baumhart survey covering all levels of management.[6] In this survey the respondents ranked situations of role conflict involving moral problems in the following order: (1) hiring and layoffs; (2) honest communication; (3) opportunities for collusion and other sharp practices in pricing; (4) gifts, entertainment and kickbacks; (5) pressure from superiors.[7] The other is the Evans survey, an unpublished study of middle managers in a large U.S. industry.[8] These middle management respondents ranked "complying with superior's requirements when they conflict with your code of ethics" as the most important (i.e., the one most frequently ranked first out of twenty listed situations) moral problem they encounter as managers.[9] These respondents confirmed this conclusion by ranking superiors first when they were asked with whom the manager's most important moral problems related; subordinates and peers were second and third, respectively.[10]

Of the two surveys, the Evans study offers a more suitable point of departure for reviewing the moral problems of middle managers.

[6] *Ibid.* Father Baumhart generously allowed an adaptation of the data from his survey to middle management personnel. For the results, cf. Appendix A.

[7] The high percentage of top executives in the Baumhart survey may partially explain the fifth place ranking of pressure from superiors.

[8] The director of this project, Dr. C. Evans, graciously permitted the use of this original material for publication in the CTSA *Proceedings*. Cf. Appendix B.

[9] The limited testing range of this survey, the ambiguity of some of the questions, and the difficulty in interpreting the findings affect the validity of the conclusions. Nonetheless, executives who have seen these results do concur with the findings on a personal basis. Cf. Appendix B.

[10] *Ibid.*

Limited to middle managers, it pinpoints those problems that middle managers feel to be important. Father Baumhart's remarks on the findings of his survey, however, give invaluable insight into the problems of middle managers.

The moral problems of middle managers, then, will be those that arise from pressures ascribed to superiors, family obligations, and competition among peers.

Pressure from Top Management

While only 40 out of 700 respondents in the Baumhart survey listed pressure from superiors as their most bothersome conflict, 40 out of 87 middle managers in the Evans study ranked complying with superiors as their primary moral problem. Pressure from the top is a distinctive middle management problem. As one respondent in the Baumhart study complained: "In upper middle management, apparently, one's own ethical will must be subordinated to that of interests 'at the top'—not only to advance, but even to be retained."[11] Not only is this pressure the most important; it is also so widespread that Father Baumhart concludes one section of his study with this remark:

> Impossible demands, say our respondents, especially if accompanied by an implied "produce or get out" attitude, can quickly result in unethical behavior. One certainly wonders if the lonely subordinate, faced with demands like these, does not occasionally dream about a union for middle management, complete with seniority and grievance procedures.[12]

How do top executives pressure their subordinates? Top managers exert pressure on their subordinates in many different ways. But they are most likely to influence them in one of the common situations that requires the subordinate: (1) to produce "or else"; (2) to act unethically; (3) to act ethically but without adequate provision.

(1) *To produce "or else."* In their excellent review of the electrical manufacturers' scandal of 1961, Clarence Walton and Frederick Cleveland wrote:

[11] Baumhart, *art. cit.*, p. 164.
[12] *Ibid.*, p. 166.

> It is clear to anyone who observed the record that competition and profits, both of which are essential to our system, put great pressures on a manager. Pressures create tensions, and unless a manager has a strong sense of personal morality he may succumb to the most immediate pressure.[13]

More specifically, John Fuller in his exposition on the same scandal (*The Gentlemen Conspirators*) describes the conflict that one of the newly appointed vice-presidents experienced in demanding both ethical conduct and profits from his subordinates:

> He was very worried, though, about the pressures on the boys who had to produce for his division, because it's a question of either showing a profit or out for most of them. . . . (Gags about top management) reflected the intense pressure which department, division, and vice presidential managers faced in producing profits, or else.[14]

Type and degree of competition is closely related to type and degree of pressure to produce profits. By insisting on a certain share of the market, by setting too large a sales quota, or by establishing too high a profit margin, top managers create pressures that might easily lead to unethical competitive practices. In one instance, higher echelon management, by insisting on a 12% share of an already overcrowded market, encouraged, perhaps unwittingly, lower level managers to cut prices excessively and to employ other unfair competitive practices.

Pressure from impossible demands is not necessarily identical with "tough-minded" management that relishes friction, disagreement, conflict and resistance. "Tough-minded" managers have a zest for solving problems, upsetting comfortable routines, and challenging standards. Getting results is their primary concern. Unfortunately, they sometimes consider human factors only to the extent that these seem to interfere with the more immediate issues of getting the work out, meeting competition, and making a profit. Consequently, they appear narrow and ruthless.

Although pressure to produce (profits, production or sales quotas,

[13] C. Walton and F. Cleveland, Jr., *Corporations on Trial: The Electric Cases* (Belmont, California: Wadsworth Publishing Company, Inc., 1964), p. 73.

[14] New York: Grove Press, 1962, p. 125.

lower costs) is *good* in itself, at least not immoral, it tends to shift the responsibility for "results" to lower level managers without, however, delegating the authority to set "reasonable" norms that will not require unethical conduct to attain.

When role conflicts arise from impossible demands or from "tough-minded" management, superiors might not at times be aware of the moral implications these demands have for their subordinates. There are apparently many reasons for this. Both the Baumhart and the Evans studies state that some managers lack moral sensitivity in their business relationships. Concern for moral problems is likely to be limited to those situations that the superior experiences himself. Some superiors are not familiar enough with departmental functions to realize the full extent of their demands. Certain industries and types of activity (e.g., sales, purchasing) offer more frequent opportunities or more serious problems than other industries or activities. Regardless of the cause, one aspect of the cure is apparent: clearer communications with superiors. Father Baumhart confirms the need for clearer communication:

> How can a top executive guard against pushing his men too far? By knowing them. By taking the time to understand them. By reflecting on the kinds and amount of pressure he is applying to them. To gain such knowledge requires excellent two-way communication between the boss and his subordinates. Such clear communication is especially important in large, decentralized corporations.[15]

If clearer communication is the remedy offered for situations that have "produce or else" attached to them, the problem relates more directly with human relations in business administration than with moral principles. From the human relations viewpoint, the obligation of opening communication channels rests with the superior. From the moral point of view, the subordinate has a relative obligation to avoid occasions of sin. If information to superiors will effectively reduce or eliminate the occasion, then it seems the subordinate has an obligation to provide it.

Although subordinates have the primary obligation to inform

[15] *Loc. cit.*

superiors that their demands are unrealistic and conducive to unfair tactics, they cannot couch inefficient management in terms of "moral obligation." In other words, inefficient management (top, middle or lower level) when it occasions unethical conduct requires a correction of the abuse in its cause: inefficient management. The moral obligation here is not lower quotas, etc.; it is rather efficient management. But if management is efficient and top management demands are excessive, then top management seems to have the obligation to open channels of communication so that mutually agreeable solutions can be worked out. When "produce or else" implies immoral conduct, then middle managers face the problems of cooperation. In these instances, clearer communication only confirms the existence of moral problems; it does not solve them.

(2) *To act illegally and/or immorally.* Top executives manifest pressures to act illegally or immorally by employing techniques that range from subtle hints (to present "edited" reports) to express commands (to meet with competitors to divide the market). Although superiors on the one hand vocally advocate a particular course of action, simultaneously and in subtler ways they also transmit the values and customs of the organization as well as their personal feelings about things, including their true ethical stature. On the other hand, unless a subordinate follows the non-verbal as well as the verbal communication from his superior, he will find himself in opposition to the requirements of his job, in light of his superiors' expectations. Accordingly, compliance becomes a test of loyalty to one's superiors and often to the enterprise.

Situations requiring unethical behavior are often related to illegal activities. Four general types of compliance might be mentioned: (1) *non-legal and immoral*; e.g., in conflict of interest cases when superiors insist that subordinates buy at a higher price from or sell at a lower price to companies in which superiors have a personal financial interest; (2) *illegal and immoral*; e.g., when superiors instigate bribes, kickbacks, extortion or deceptive practices, all of which need cooperation of subordinates to be carried out; (3) *legal but immoral*; e.g., when legal technicalities are used to obfuscate moral obligations arising from public responsibility, social justice or social charity, as in the case of spiteful plant closure;

(4) *illegal but (perhaps) moral*; e.g., if civil law or government regulations coming from different agencies conflict on a particular business procedure (e.g., disparate regulations on competition: on the one hand they favor guaranteed resale price on "quality brands," but on the other hand they penalize cooperative pricing policies).

How do lower echelon managers, particularly middle managers, react when they are faced with compliance that is contrary to their personal code of behavior?

Potentially, they have three choices: (1) to leave the company or to resign their positions; (2) to conform to their superior's wishes; (3) to refuse to cooperate and thereby leave themselves open to dismissal, demotion, or horizontal change (where the pressures to comply are less forceful).

Actually, they comply with their superior's wishes or demands, if the Evans study (mentioned above) adequately represents a cross-section of middle managers. In this same study, middle management respondents selected the so-called "internal guides" of conscience, church teachings, and home-learned principles, by almost a three to one majority, when they solved other job-related ethical problems (e.g., methods used to compete for job advancements). But when they were confronted with their most serious moral problem (according to the survey), middle managers solved it by invoking "company policy"—a nebulous term that could mean implicit or explicit policies, formal "on the books" or informal "what we actually do" policy, general principles or specific directives, etc. Searching for a reasonable explanation for this type of behavior, the interviewers wonder if middle managers are not strong enough in the convictions of their own internal code to solve their problems by refusing to comply. Might I suggest that these same respondents were concerned with "gray area" morality that was never actually discussed at home or at church. Furthermore, although the principles might be "black" or "white," their application to complex business situations involves an understanding of the multiple circumstances that can change the morality from "white" to "black." Home training or church teachings hardly ever prepare a manager for judgments of this type. There is, finally, the problem of too strict or too lax consciences, the question of "feeling good" over a decision rather than judging according to enlightened reason, and the need for "heroic" activity in the Christian vocation. Unless company policy, in any of its forms, is not obviously immoral, it might not be such a second-rate norm for complex situations.

Nonetheless, few middle managers refuse to "go along" with their superiors. Management consultants Elizabeth and Francis Jennings claim that resignation for ethical reasons is not common:

> Here is a curious article in the industrial code of behavior. It is not a disgrace to resign because one is unable to accept the responsibilities of employment, because one has not become mature. It is unrealistic or stupid to resign because of involvement with ethical principles.[16]

They add that multiple loyalties of employees become a source of conflicting values; in its original context, loyalty was an allegiance to a set of principles and disciplines that evolved from concepts of right and wrong. Unfortunately, this same type of allegiance

> . . . is perniciously construed on the job as loyalty to persons because they represent power and authority. . . . The job teaches workers to be loyal to their boss regardless of his principles, character, or performance, regardless of the consequences of such loyalty to the workers themselves.[17]

There are, nonetheless, many instances of resignation. In one set of personal interviews, one-fifth of the respondents resigned rather than cooperate in immoral behavior.

Observations

First, although businessmen may rationalize, compromise, compartmentalize or withdraw when they are confronted with serious moral problems related to their roles as managers, they might also keep in mind the other alternative that Harold L. Johnson, Associate Professor of Economics at Emory University (Atlanta) wrote in *The Christian as a Businessman*: "If students have an image of business which has no possibility of reconciliation with Christian

[16] E. and F. Jennings, "Making Human Relations Work," *Human Relations For Management*, ed. E. Bursk (New York: Harper & Brothers, 1950), p. 36.
[17] *Ibid.*, p. 45.

vocation, either the image requires modification or the business world must be left to the machinations of the heathen."[18] If resignation opens the position to unscrupulous individuals, I wonder if such an action is truly an example of Christian fortitude. Is there not at least some similarity with the nurse who is permitted for the overall good to work in a hospital where immoral operations are performed?

Second, would not middle managers consider business situations that have legal implications as "gray area" moral problems? Furthermore, could not the use of implicit or explicit company policy be an application of probabilism to business? There are valid reasons for this possibility. At least explicit company policy incorporates prescription of civil law. More difficult to assess, however, is cooperation in implicit company policies or approved procedures (e.g., industry-wide "acceptable" practices) that are contrary to existing law. Some businessmen feel that they "have" to break one law in order to observe another. This problem becomes acute, for example, in the area of pricing. The use of price differentials and administered pricing is not altogether clear in law. Additionally, some laws, such as those preserving resale price maintenance (e.g., guaranteed "quality brands" and their markets), seem to reduce competition that is necessary for efficiency and consumer savings. The morality of cooperation in these areas, consequently, becomes highly problematic.

Robert W. Austin offers an insight into the problem of illegal behavior that might not be necessarily immoral. Referring to the signing of General Electric's Directive 20.5, he states:

> A man could convince himself in all honesty that it was illegal, but not dishonest, to disobey what to him was a bad and contradictory law; but it would have been much more difficult to disobey after signing a statement yearly that he agreed with a company directive to obey that bad law.[19]

When internal incentives (i.e., benefiting workers, serving society, and protecting company from unscrupulous competition) compete

[18] New York: Association Press, 1964, p. 29.

[19] "Code of Conduct For Executives," *Harvard Business Review*, XXXIX, No. 5 (September-October, 1961), p. 56.

with the external incentives of a "bad" law, continues Austin, can we blame an individual for following his own personal code? Applied to middle managers, this situation illustrates a tantalizing problem of material cooperation. "Morally ambiguous as presented," it is one of those problems that is "answerable only with multiple qualifications and distinctions."[20]

Third, the use of probabilism and its "doubtful law" point of view avoids imposing obligations in conscience when civil law is concerned with technicalities. But when laws are more directly related to the socio-economic structure (e.g., price discrimination), the obligation seems to stem from social justice. The social consequences of these actions should be assessed before their licitness can be established. In *ad hoc* situations, social implications, scandal, loss of reputation and the positive obligations of the Christian vocation are decisive factors in determining proportionality for cooperation in illegal activities of superiors.

(3) *To act morally but without adequate provision.* When top management insists, naively perhaps, that formal company policy or written codes are sufficient vehicles for inculcating ethical behavior, they manifest an unrealistic appraisal of business world pressures, as General Electric top executives unfortunately found out. In the issuing, initialing, or signing of affidavits of compliance to antitrust legislation in Directive 20.5 (a written company policy) to all executives above a certain level, General Electric administration reflected before 1961 a "price fixing couldn't happen here" attitude. But price fixing, erratic but certain, had already become a way of life for some departmental managers below the top echelon. Claiming ignorance of these illegal practices, G.E. administration refused to acknowledge corporate responsibility for the actions of individual employees. Judge Ganey saw the problem differently. No evidence showed beyond a reasonable doubt any involvement from top

[20] J. Lynch, S.J., "Notes on Moral Theology," *Theological Studies,* XXIII (June, 1962), 249. For an adaptation of the principles of cooperation to business situations, cf. H. Wirtenberger, S.J., *Morality and Business* (Chicago: Loyola University Press, 1962), pp. 109-19. H. Johnston shows the complexity of cooperation in his treatment of the Louis Mills Case. Cf. *Business Ethics,* 2nd ed. rev. (New York: Pitman Publishing Corporation, 1961), pp. 82-90.

echelon managers. Judge Ganey, nonetheless, remarked that top executives bear the overall responsibility for the scandal, ". . . for one would be most naive indeed to believe that these violations of the law, so long persisted in, affecting so large a segment of the industry and, finally, involving so many millions of dollars, were facts unknown to those responsible for the conduct of the corporation. . . ."[21] Perhaps these executives could be accused of moral insensitivity, rationalization, self-deception, or erroneous conscience. Regardless, the point for consideration is the pressure that top management employs on middle managers to act ethically in an industry that has widespread unethical practices, when the same top management does not provide sufficient means for ethical behavior. Pointing to codes of ethical behavior and at the same time demanding "results," top executives act inconsistently. Although they are aware of the moral and legal implications of job-related activities of their managers, top executives require a further awareness of prudential foresight. In other words, top executives should supply the "machinery" for preventing transgression or for leveling sanctions after infringements.

Superiors have the obligation of setting good examples, of employing practical means of providing ethical fulfillment, and of establishing an industry-wide ethical climate. One practical way to impress the importance of ethical conduct on subordinates is to promulgate precise updated norms with on-the-spot investigation in doubtful cases. More important, however, is industry-wide conduct. Unless superiors in the whole industry create a climate within which company policy, industry-wide codes, or personal codes of behavior can operate effectively, countervailing pressures from competing departments, outside and inside competitors, or lower level groups eager for advancement at all costs will more than offset ethical directives and sanctions from top management. Most important, nonetheless, is that top executives set the moral posture of a corporation. A recent National Industrial Conference Board survey concludes:

> Whether or not they have established policies on business conduct in general or some phase of it, and no matter how

[21] *New York Times,* February 7, 1961, p. 26.

> vigorously those that have done so enforce compliance with such policies, most respondents believe that the moral tone of the corporation, as set by the actions of its top executives, is the most important single determinant of employee ethics.[22]

The limited value of a code is clearly indicated in the Baumhart study. Although over 75% of the middle management respondents thought that a code would help executives by defining clearly the limits of acceptable conduct, more than 60% felt that people would violate the code whenever they thought they could avoid detection.

Pressure from Family-Related Obligations

According to the Evans study, the second most important moral problem for middle managers is the conflict experienced in balancing family needs with business obligations. Spending time away from home, bringing work, worry and attitudes into the home, using family for personal advancement, and accepting geographical relocation in time of family crisis illustrate pressures that occasion conflict in aspiring managers. In addition to these home-centered conflicts, top managers exert subtle pressure in the form of encouragement to actively participate in civic organizations, charitable drives or political parties. The curious term "corporate bigamy" suggests the twofold fidelity that pervades all levels of management. Furthermore, personal factors enter into middle managers' family-related problems.

The typical middle manager is young enough (35-45) to have two serious financial burdens: a large, long-term mortgage on his house; high educational expenses for his children, especially in Catholic high schools and colleges. Teenage crises, menopause, aging parents and possibly the executive's own health are problems that require his immediate attention. Geographical relocation during these crises only adds to the tension; it also adds to current expenses, in spite of company assistance. The middle manager is beginning to "smell success" in rapid advancement, financial rewards, recognized ability, and personal accomplishment. By devoting between fifty and sixty hours per week to his career, he hopes to reduce his financial

[22] "Ensuring Ethical Conduct in Business," *The Conference Board Record*, December, 1964, p. 27.

burden through advancement, to fulfill his commitment to the organization, and to achieve success as a manager. On the one hand, hard work and long hours are necessary if he is to be numbered among the ten percent of middle managers who ultimately reach the top echelons of management. On the other hand, he also recognizes the possibility of his becoming a victim of "the middle management revolution."

Basically, two sets of moral principles apply to these problems. Family-related obligations stem from the positive obligations of piety and charity. Job-related obligations arise primarily from commutative justice, which in the business setting assumes the form of an implied, bilateral contract. The latter obligation poses special problems for middle managers. Although executives are recompensed for time away from home, relocation and other impositions on the family, agreement should be mutual and not merely unilateral (i.e., the decision of the company). Perhaps corporate structure and current business-wide practice are sufficient to determine implicit bilateral agreement. For example, relocation, or the moving of a family from one city to another as a condition for promotion or as a means of obtaining experience in different functional departments or field areas, is currently "a fact of life" for many managers. They expect long-term transfers. But many short-term transfers, if made unilaterally, can easily become a cause of moral conflict in a growing family.[23] Ability to adjust, educational facilities, individual preferences and family dispositions are just a few of the factors that influence a decision of this sort. Apart from the problem of mutual agreement, these considerations flow from the virtue of piety. But with what precision can the obligations of piety be determined? When an aspiring middle manager asks about his obligations in these areas, what norms are relevant to current practices? Is it

[23] Could the principles relating to ordinary and extraordinary means of preserving life be adapted to business morality? If moving to a different climate for health reasons was considered by theologians to be an extraordinary means of preserving life that does not involve *per se* a serious obligation, then relocation for economic reasons (less serious in themselves) can hardly be obligatory. Could relocation be an ordinary means, except in unusual circumstances, as, for example, when senior employees could not otherwise earn a livelihood?

sufficient to state that in general the individual needs of the family are more immediate and more certain?[24]

Pressure from Peers

The Evans study shows that middle managers ranked "methods in competition for advancement" as their third most important moral problem. In the Baumhart study, the respondents listed behavior of one's peers as the third among five factors that influence unethical business decisions.[25] And in a survey of one hundred businessmen on all levels of management, ninety-eight respondents in the interviews answered negatively to the key question: "Is it possible for a man to move up through the ranks of management solely by honest, decent methods?"[26] The higher up the individual, the more likely he fouled others on the way. Older supervisors or executives who have already reached a plateau are the most vulnerable objects for men going up the ladder.

Competitive pressures tend to engender unfair tactics. Idea stealing from subordinates, pious doubt-planting about another's abilities, withholding facts to put an immediate superior in bad light, knifing the absentee in the presence of high level management are the most frequently used techniques to discredit competitors or to get the superior's job. A favorite tactic stresses one's loyalty to the corporation by forcefully detailing the faults of an immediate superior, regardless of personal consequences. Inside competition flourishes in sales, advertising, engineering, research and personnel. Survival situations (business recessions, mergers and organizational restructuring) intensify knifing one's peers.

Corporate conduct also instigates unwholesome competition. By-passing middle management in seeking information, emphasis on meteoric promotions, and crash policy changes set one middle manager against another. Notwithstanding the regret that executives

24 It seems that more serious study from a moral viewpoint on the relationship between job-related obligations and family-related obligations would be useful to Catholic businessmen in particular. Many are deeply concerned about this problem.

25 *Art. cit.*, p. 156.

26 "How to Get the Boss's Job," *Modern Office Procedures,* VI, No. 5 (May, 1961), 15-18.

feel in employing these tactics, companies at times encourage intramural rivalry and in-fighting in order to prepare upcoming executives for the drive and aggressiveness demanded in modern business competition. This attitude, obviously, leaves no recourse to the victim of unfair tactics.

In general, principles concerning the right to reputation, detraction and calumny apply to these situations mentioned above. Unjust damnification could also be rectified in certain instances when strictly unjust means (fraud, incrimination, lies) are employed. But it is frequently impossible to establish a cause and effect relationship between these means and the by-passing of a promotion. Furthermore, even when subjective guilt can be determined in cases of intending to impede the sought-after good of another, the obligation of restitution cannot be imposed without certitude of its effectiveness. But if a causal relationship can be established (e.g., in a conspiracy among middle managers to "frame" an equal who is ready for promotion), then consequent revealing of the facts to higher superiors seems obligatory.

Conclusions

1. One of the principal problems that moral theologians engaged in the study of business morality face is the unique set of circumstances that accompany each case or situation. In many cases legal considerations and business practices add to the problem of determining even an objective morality. Tentative solutions open to discussion seem to be the most realistic manner of proceeding. It is my hope that moral theologians will suggest solutions to the problems of middle managers mentioned above. The complexity of problems, the lack of precision in the question of pressure as an impediment to human action and the difficulty in assessing subjective guilt in the area of reputation increases the need for thorough discussion. Here is another challenge for moral theologians.

Ultimately, moral decisions rest in the dictates of enlightened consciences. The work of theologians is to enlighten these consciences of businessmen about the moral aspects of their decision-making. Pertinent questions, elaboration of moral principles and the demands of the Christian vocation, and suggestions for alternative courses of moral activity seem to fill the needs of businessmen more than do categorical pronouncements on issues of dubious relevancy.

2. Pressures that produce role conflict in middle managers have been considered as a source of unethical behavior. Although a lessening of these pressures might at the same time improve ethical behavior, it would be unrealistic to expect complete elimination of pressure or even a reduction to a safe minimum. What has been suggested, however, is that pressure from outside sources be *reasonable,* so that a manager may act without undue influence. Human relations experts have proposed a number of remedies that are directly related to the principles of business administration but which at the same time indirectly prepare executives for ethical activity by removing impossible demands and by positing the need for higher values. Their suggestions may be divided into two general categories: first, those that can be applied to present organizational structure; second, those that require a change in the structure itself.

The most common suggestions that human relations theory and practice offer for present organizational structure needs are clearer communication, more active participation in those decisions that are related to the individual, and development of a climate that provides freedom for ethical activity. Their necessity has already been shown above.

Another solution offered by business theorists is the professionalization of management. Professionalization is usually characterized first, by its code of ethics; second, by its spirit of altruism; and third, by its self-organization. Through self-organization, a code of ethics can become an effective instrument in developing a more ethical climate within an industry. However, the critics of the professionalization of management claim that business cannot by its very nature be altruistic until management theorists provide an adequate answer to the question of profit maximization. Professionalization will have to be a hoped for ideal.

Critics of the current approach to business morality assert the need for change in the business structure itself. They claim that under the current structure moral problems are self-perpetuating.

Their target is the social responsibility of management. For example, Bernard D. Nossiter writes:

> There is nothing in the logic or practice of concentrated corporate industries that guides or compels socially responsible decision making. Moreover, the very determination of what is a responsible decision and who is to be held responsible is neither simple nor clear. There is no formula that explains how competing claims are to be gratified; there is no theory that fixes responsibility on specific actors in the corporate drama.[27]

The Business Ethics Advisory Council,[28] organized by the U.S. Department of Commerce, suggested a series of questions that top managers might ask themselves. One section was devoted to the question of social responsibility of management. Social responsibility depends primarily upon the decisions of top management. Middle managers can hardly be expected to be socially aware of their decisions if top management refuses to recognize the power, the authority, of a business enterprise upon the community. Perhaps middle managers could be more socially aware when compliance with the demands of superiors would adversely affect the common good. I believe it is the role of moral theologians to instill this social awareness when alternatives are presented as solutions to the moral problems of middle managers.

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[27] B. Nossiter, *The Mythmakers. An Essay On Power & Wealth* (The Riverside Press, Cambridge; Boston: Houghton Mifflin Company, 1964), p. 85.

[28] Business Ethics Advisory Council, organized by the U.S. Department of Commerce, "A Statement on Business Ethics and a Call for Action," 1962, pp. 1-10.

APPENDIX A

An Exploratory Study of Businessmen's Views on Ethics in Business

Rev. Raymond Baumhart, S.J.

Submitted in partial fulfillment of the requirements for the degree of Doctor of Business Administration in the Graduate School of Business Administration, Harvard University, June, 1963 (unpublished manuscript). Part of this study originally appeared in the *Harvard Business Review*. The research was made possible by the *Review*.

Data from the Baumhart survey was adapted to middle management by the Rev. Thomas F. McMahon, C.S.V., with the permission of the author.

Selected Questions from the Baumhart Study

N.B. Unless otherwise stated, all numbers refer to per cent, rounded to the nearest unity.

		Agree	Partially Agree	Neutral	Partially Dis-agree	Dis-agree
The American business executive tends to ignore the great ethical laws as they apply immediately to his work. He is preoccupied with gain.	(Top)*	8	37	4	23	26
	(U M)	7	37	5	25	24
	(L M)	7	34	5	31	22
Whatever is good business is good ethics.	(Top)	8	7	6	15	64
	(U M)	9	9	4	14	63
	(L M)	9	7	4	17	62
Clergymen should not meddle in the social problems of business.	(Top)	25	15	16	13	30
	(U M)	20	13	15	19	31
	(L M)	16	21	15	16	31
Competition today is stiffer than ever. As a result, many businessmen find themselves forced to resort to practices which are considered shady, but which appear necessary to survive.	(Top)	10	29	5	12	43
	(U M)	12	26	7	15	39
	(L M)	12	28	5	13	41

The businessman exists for only one purpose: to create and deliver value satisfactions at a profit to himself. If what is offered can be sold at a profit, then it is legitimate. The spiritual and moral consequences of the businessman's actions are none of his concern.	(Top)	1	3	1	10	85
	(U M)	2	3	2	8	85
	(L M)	1	2	1	9	86
Let the buyer beware.	(Top)	5	14	3	13	64
	(U M)	5	14	4	15	62
	(L M)	6	18	5	20	50

* Top Management; Upper Middle Management; Lower Middle Management.

Many factors can influence a businessman's decisions. From your experience, how would you rank each of the factors listed below according to the influence it exerts on an executive to make decisions which are *unethical?* (Most influential = 1; least influential = 5.)

	Top	Upper Middle	Lower Middle
The behavior of a man's superior in the company	1.83[1]	1.8	1.93
Ethical climate of the industry ..	2.5	2.5	2.5
The behavior of a man's equals in the company	3.1	3.2	3.2
Lack of formal company policy .	3.2	3.2	3.1
A man's personal financial needs	4.1	4.1	4.06

[1] Weighted averages.

Many factors can influence a businessman's decisions. From your experience, how would you rank each of the factors listed below according to the influence it exerts on an executive to make decisions which are *ethical?* (Most influential = 1; least influential = 5.)

	Top	Upper Middle	Lower Middle
A man's personal code of behavior	1.4[1]	1.5	1.5
The behavior of a man's superior in the company	2.8	2.6	2.7
Formal company policy	2.8	2.7	2.7
Ethical climate of the industry	3.6	3.9	3.7
The behavior of a man's equals in the company	3.9	4.02	4.09

[1] Given in weighted averages.

In your opinion, how much guidance was provided by your Church and clergymen for the ethical problems you and your business acquaintances faced in the last five years? (Check only one.)

None	Some, but not enough	About right amount	Too much	Can't really say
40	22	15	1	23
33	27	17	0	22
34	26	18	0	21

Listed below are three kinds of guidance for ethical business behavior which clergymen might offer to businessmen, largely through sermons and writing. How helpful would they be to you? To tell us, please rank the three by placing the number "1" after the activity which would be *most* helpful, "2" after the next most helpful, and "3" after the *least* helpful.

	Top[1]	Upper Middle	Lower Middle
Explain ethical principles clearly	1.6	1.6	1.6
Apply ethical principles to typical business situations	2.07	1.9	2.07
Emphasize motives for doing good and avoiding evil	2.3	2.4	2.2

	Agree	Partially Agree	Neutral	Partially Dis-agree	Dis-agree
In situations of severe competition, the code (of ethical behavior)	14	35	8	19	21
would reduce the use	13	36	8	16	23
of sharp practices	11	40	8	16	22
The code would help					
executives by defining	50	30	7	3	6
clearly the limits of ac-	39	38	7	5	8
ceptable conduct	45	29	8	4	10

[1] Statistical assistance: Robert E. Erickson, C.S.V.

APPENDIX B

Middle Managers' Perception of the Ten Most Important Moral Problems They Encounter in Their Jobs

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A Research Report Presented to the Faculty of the School of Business Administration, Wayne State University, in Partial Fulfillment of the Requirement for the Degree of Master of Business Administration. (Unpublished manuscript.)

Questionnaires Distributed:	177	Distribution:	Middle managers of three large industrial organizations and several small companies.
Questionnaires Returned:	84		
Percentage of Replies:	47.4%		

Ranking	Responses	Moral Problems	Solution[1]	Company Policy	Conscience
1	40	Complying with superior's requirements when they conflict with your code of ethics		16	14
2	38	Job demands infringing on home obligations		4	25
3	36	Methods employed in competition for advancement		13	17
4	36	Avoiding or hedging responsibility		9	16
5	29	Maintaining integrity when it conflicts with being well-liked		1	21
6	29	Impartial treatment of subordinates because of race, religion or personal prejudice		3	13
7	28	Moral concern that your job does not fully utilize your capabilities		8	15
8	27	Condoning poor quality		5	18
9	26	Knowingly giving less-than-best performance		7	11
10[2]	20	Misrepresentation of facts		5	10

1 Solutions included a choice of five different factors: teachings of Church, principles learned at home, company policy or regulation, legal considerations, and conscience. Except for "avoiding responsibility" (which 11 respondents related to "principles learned at home") and "impartial treatment" (which 9 respondents referred to "teachings of church"), the middle managers in the survey solved most of their problems through conscience or company policy. There was a decided ambiguity and apparent overlapping in the selection or choice of solutions.

2 "Hiring and firing" was written in by a number of respondents. Perhaps the strong industry-wide union accounts for a general lack of concern among the middle managers questioned.

WITH WHOM MORAL PROBLEMS RELATE

Ranking		Weighted Average[1]
1	Superiors	2.08
2	Subordinates	2.22
3	Peers	2.53
4	People Outside the Company	3.47
5	Inanimate Problems[2]	4.33

[1] Lowest rating indicates most important, weighted rating on 1-5 basis.

[2] The phrase "inanimate problems" was used by the questioners to "include situations where personal contact is not the cause of moral conflict, but rather personal moral problems resulting from company operating procedures, advertising policies, or sales policies. . . . The low rating of this category, approximately half as important as superior-subordinate relationships, can be attributed to a high degree of approval of such policies and procedures as ethical, failure to classify such conflicts as 'problems' since little can be done to alter them, or general misunderstanding of the intent of this particular category." A number of executives and managers who submitted suggestions for improving the questionnaire indicated that this category was not clearly presented.

N.B. In this survey, middle managers were identified as those members of management who appear between the policy-making and the operating levels.

SELECTED CONCLUSIONS

"One of the most startling results obtained from the project of (the) Research Group was the revelation that some members of management are either shielded effectively from moral or ethical issues or they do not recognize an issue when it is presented."

"The basis for solving problems which have moral implications is difficult to determine. Most of the managers have indicated that their criterion for making decisions is 'conscience'. . . . Conscience was listed among the possible choices for those respondents who honestly do not know what motivates them. Had this election not been available, it is likely that the church and the home influences would have been selected more frequently. In either case, the evidence leads to the conclusion that middle managers (in this survey) are guided in their decisions by internal influences rather than by external influences such as government and community."

"Complying with superior's requirements which conflict with your own and job demands infringing on home obligations are both excellent examples of 'pressure' from above which have moral implications."

APPENDIX C

Profile of Middle Management

The Baumhart study adapted to middle management:

(a) *Functional area:* Marketing (36%) and engineering (14%) account for one-half of the respondents, with production (12%) closely following. Personnel or labor relations is also high with 11%.

(b) *Types of business:* Manufacturing of consumer and industrial goods cover about 50% of the respondents. Engineering, research and development, retail-wholesale trade, transportation and public utilities are each less than 10%.

(c) *Income group:* About 60% make between $10,000 and $19,999; 21% lower management make under $10,000 and 14% between $20,000 and $29,999, while upper managers have 22% in the latter.

(d) *Size of company:* More respondents came from companies that employed over 1,000 (almost twice as many).

(e) *Education:* About 40% have a bachelor's degree and more than 35% attended graduate school. Slightly less than one-third had a formal course in ethics or moral philosophy in college.

(f) *Religious affiliation:* Protestants were almost four times the percentage of Catholics, with Jewish respondents a very small percentage: Protestants—70-73; Catholics—17-16; Jews—5-3.