

1 The Mystique of the Business Leader

2 What explains the tremendous interest in business ethics
– in the media, in business schools, in business itself?

3 It's not because there has been any sharp change in the
behavior of business people.

4 What has happened is that the behavior of business and
business people has acquired a different meaning in the
industrialized world.

5 It suddenly matters. ...

6 Both the heads of large corporations and the few
"tycoons" have come to be seen as society's leaders.

7 And leaders are expected to set an example.

8 They are not supposed to behave as we know that we
behave.

9 They are expected to behave as we know that we ought
to behave.

10 The more cynical we have become about the behavior of
earlier leadership groups – politicians, preachers,
physicians, lawyers and so on – the more we have come
to expect virtue from business and business people. ...

11 How this happened no one can explain.

12 After all, it is barely 20 years since the student rebellions
of the late '60s in the US, Japan, France, and West
Germany against business and its "bourgeois values."

13 And the turnaround since, to where business and its
leaders are now the "social archetypes" (to use the
sociologist's term), has gone even further in Western
Europe and Japan than in the US, which is even more
remarkable.

14 Such European countries as England, France and
Germany used to consider business somewhat dirty,
certainly second-rate, and altogether "infra dig." ...

15 But why this reversal has come to pass is equally
mysterious.

16 It would be nice if we could attribute it to the
performance of business and business people.

17 And indeed the performance in this century has been
spectacular.

- 18 But the public – as business people constantly bemoan – is singularly unaware of it; it takes it for granted. ...
- 19 None but a very few social historians have even an inkling of the material conditions of the great masses – the domestic servants, the farmers, the shop girls, the manual workers – of 80 years ago and of the changes since.
- 20 And even these few historians rarely notice that the greatest change has not been in improved material conditions: more than half, perhaps as much as two-thirds, of the fruits of the explosive growth in production and productivity in this century – that is, of the contribution of business and business people – have gone into leisure, education, life-expectancy, and health care, and above all, into opportunities for the individual. ...
- 21 And business and business people in this century have actually lost both in power and in wealth – the two traditional foundations of a leadership position. ...
- 22 No businessman anywhere these days holds even a fraction of the power held 80 years ago by a J.P. Morgan, a John D. Rockefeller, an Alfred Krupp, or by the 10 or 12 private bankers who together constituted the nearly omnipotent “Court” of the Bank of England before World War I.
- 23 The gainers in power have been institutions that are either hostile toward or highly critical of business: the labor union, the government bureaucracy, and the greatest gainer of them all – the university.
- 24 A mere ornament of society 80 years ago, it now holds in every developed country what no earlier society ever granted an institution: the power to grant or to deny access to livelihood and careers through its unregulated monopoly of the all – important university degree. ...
- 25 Neither in absolute nor in relative terms does business wealth today even remotely compare with that of 1900.
- 26 The wealth of the richest billionaire of today, if adjusted for taxes and inflation, looks puny next to the fortunes of 80 years ago.
- 27 And for the economy, the “rich” have actually become irrelevant. ...
- 28 Eighty years ago any one of the “tycoons,” whether in the

US, in Imperial Germany, in Edwardian England, or in the France of the Third Republic, could – and did – by himself supply the entire capital needed by a major industry.

- 29 Today the wealth of America's one thousand richest people, taken together, would barely cover one week of the country's capital needs.
- 30 The only true "capitalists" in developed countries today are the wage earners through their pension funds and mutual funds. ...
- 31 Whether a leadership position can survive if it is based neither on dominant power nor on dominant wealth remains to be seen.
- 32 Machiavelli, that shrewd sociologist of leadership, would have doubted it.
- 33 And business people exist as leaders only as a group.
- 34 Individually, unlike the members of any earlier leadership group, they are largely anonymous, indeed practically invisible. ...
- 35 How many Americans know the names of the chief executive officers of the Fortune 500?
- 36 In addition, while the CEO of the big company is a "big shot" during his six or seven years of tenure – with a private jet, a bevy of secretaries, a flock of PR men, and a private dining room – he is a nobody and has to show his ID to get past the doorman in his own company 24 hours after he has retired. ...
- 37 It is also by no means certain that the leadership position of business and of business people is good for either.
- 38 At least America's most distinguished economist, Milton Friedman, argues that it is socially irresponsible and economically damaging for business to be concerned with anything but business results – that is, with maximizing profits and thereby raising standards of living, creating capital and providing better and more jobs tomorrow. ...
- 39 But however short-lived, illogical, irrational, even undesirable it may be, it is a fact that business and business people are perceived as the leadership group in today's developed countries. ...

- 40 There is a second and equally important fact, as well.
- 41 Business executives are inevitably leaders in their organizations, seen as such, perceived as such, judged as such. ...
- 42 "The higher up the monkey goes, the more of his behind he shows," runs an English schoolboy jingle.
- 43 What executives do, what they believe and value, what they reward and whom, are watched, seen, and minutely interpreted throughout the whole organization.
- 44 And nothing is noticed more quickly – and considered more significant – than a discrepancy between what executives preach and what they expect their associates to practice. ...
- 45 Recently I discussed with an elder statesman of Japan's industry the violation of the ban on strategic shipments of American products by a subsidiary of Tokyo's Toshiba.
- 46 I commented on the fact that the top executives of Toshiba had held themselves "accountable" and resigned over this matter even though the violator is barely controlled by Toshiba (which holds only 50.1 percent of its stock), is autonomous, and had disregarded published company policy. ...
- 47 "We wouldn't say 'accountable,' " my friend said.
- 48 "We'd say: 'It's their fault.'
- 49 If a manager in a company does something wrong to improve the market standing or the profits of the company, you can be sure that he only does what his top management wants him to do and signals him to do." ...
- 50 The Japanese recognize that there are really only two demands of leadership.
- 51 One is to accept that rank does not confer privileges; it entails responsibilities.
- 52 The other is to acknowledge that leaders in an organization need to impose on themselves that congruence between deeds and words, between behavior and professed beliefs and values, that we call "personal integrity."
- 53 [1987]