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JOSEPH L. BADARACCO, JR.

Personal Values and Professional Responsibilities

If managers were robots, their personal values would not matter. They would process the facts of a situation and their responsibilities in exactly the same way and make the same decisions. But values differ from manager to manager, sometimes greatly, and this raises two important questions.

One is empirical: How *do* managers' values influence their work and their efforts to meet their responsibilities? The other is ethical: How *should* a manager's values influence his or her work?

The Ideal World

The ethical question is easier to answer, at least in general terms. Managers should believe strongly in the missions of their organizations and be deeply committed to meeting their professional responsibilities. This is a demanding, idealistic standard, but many of the best managers aspire to achieve it.

"Alignment" is a conventional description for this ethical ideal, but this mechanistic term underplays the passion, commitment, and intensity of successful leaders. They do not succeed by checking items off a list or by running faster and faster, like rodents on a treadmill, to get larger doses of monetary pellets. The work of successful leaders expresses who they are and what they care deeply about. Their responsibilities and commitments are central to their identities.

It is easy, of course, to romanticize the role of commitment in outstanding leadership. Woody Allen's famous observation that 80% of success is just showing up contains a large element of truth. And management work is usually hard, sometimes frustrating, and at times exhausting. But this is precisely why enduring success depends on deep personal commitment. In Peter Drucker's words, "Leadership is not rank or privileges, titles or money. Leadership is responsibility."[1]

Leaders' values also send powerful messages to their organizations—about what is really important and how members of the organization should treat one another and outside groups. Some of these messages are communicated through words, some through actions, and some unconsciously.

[1] Frances Hesselbein, Marshall Goldsmith, Richard Beckhard, editors, *The Leader of the Future* (San Francisco, CA: Jossey-Bass Publishers, 1996), p. xii.

Professor Joseph L. Badaracco, Jr. prepared this note as the basis for class discussion.

For example, research by psychologist Daniel Goleman indicates that a manager's emotions and moods resonate throughout an organization and directly influence its bottom line.[2]

In short, a high ethical ideal asks managers to commit themselves personally to common values, such as honesty, respect, and hard work, and to whatever specific values, such as creativity, service to customers, or attention to detail, reinforce their firm's strategy.

The Real World

Unfortunately, there are at least four obstacles that can keep managers from working and living by their personal values.

Sustaining commitment. Management work is hard, competitors are often relentless, corporate politics diverts time and energy, macroeconomic forces sometimes swamp years of effort, and managers get no exemption from the vicissitudes of life. Then it becomes hard for them to sustain the intensity and commitment required to make good on challenging and often competing responsibilities.

Decades ago, Chester Barnard, one of the most respected authorities on management, wrote, "It seems to me inevitable that the struggle to maintain cooperation among men should as surely destroy some men morally as battle destroys them physically."[3] Barnard, who had run a company himself, knew that management was not the upbeat adventure described in many business best-sellers. Simply maintaining cooperation among other people was a "struggle" that taxed, sometimes severely, the most capable and determined executives.

Unbridled self-interest. In *The Wealth of Nations,* Adam Smith wrote, "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our necessities but of their advantages."[4] Capitalism accepts Smith's insight. It treats self-interest as an innately human trait and—through markets and incentives—transmutes it into behavior benefiting others.

But sometimes self-interest distorts or overwhelms managers' decisions. They ignore their roles as agents, fiduciaries, and responsible members of organizations and society. In the recent scandals, vast sums of money were dangled in front of many executives and some grabbed at it, regardless of the law, ethics, or responsibilities to their organizations.

Self-interest is especially pernicious when it operates unconsciously. Until recently, the unconscious mind was viewed in Freudian terms, as a seething cauldron of primal instincts. Recent work in cognitive neuroscience now compares it to a computer operating system. In other words, much of our mind operates silently, powerfully, and inaccessibly. Unconscious forces structure and

[2] Daniel Goleman, *Primal Leadership* (Boston, MA: Harvard Business School Press, 2002).

[3] Chester Barnard, *The Functions of the Executive* (Cambridge, MA: Harvard University Press, 1982), p. 278.

[4] Adam Smith, *An Inquiry into The Nature and Causes of the Wealth of Nations* (Chicago, IL: University of Chicago Press, 1976), p. 18.

drive much of what we perceive, feel, think, and do. We are often, as the title of a recent study puts it, strangers to ourselves.[5]

This view is disconcerting, but a growing number of experiments confirm it. One study, for example, involved a large group of professional auditors from a public accounting firm. All of them were shown the same five ambiguous accounting vignettes and asked to make objective judgments about the accounting. But half the group had been told to assume it was the auditor of the company who produced the accounting. In the end, this group was *30% more likely* to conclude that the accounting complied with generally accepted accounting principles.[6] In other words, although the auditors were trying to be objective, they were influenced by an unconscious bias toward clients, even when they were only pretending to have a client.

Right-versus-right conflicts. Managers are often advised to follow their moral compass, especially when things get tough. But sometimes their moral compass points them in two different directions.

Suppose, for example, you know that Ted, who reports to you, will be laid off next month. Suppose also that you have promised to keep this information confidential. What do you say if Ted tells you he has been hearing rumors and asks you, point-blank, if he is going to lose his job? Do you tell the truth or keep your promise?

Cases like this are conflicts between right and right, not between right and wrong. When this happens, the needle on the moral compass swings back and forth, and a manager's personal values are no longer a straightforward guide to responsible action.

Right-versus-wrong situations. In many situations, managers are clear about their personal values and know what they should do. But they hesitate. The problem is not flagging commitment or self-interest or a right-versus-right dilemma. It is strong pressure to do something they think is morally dubious or downright unethical or illegal—like booking sales in this quarter for goods that have not been shipped.

Sometimes, the pressure to cross the line comes directly and explicitly from a superior, accompanied by a threat or inducement. Sometimes, the boss just winks, hints, and nudges—in order to avoid culpability, if something goes wrong. And, in other cases, no one asks anyone to do anything, but a manager feel that something needs to get done, regardless of ethics or legality.

These situations are the greatest departure from the ideal world described earlier. They involve the prospect of doing something seriously wrong or illegal, with potentially dire consequences for the individuals involved and for their organization.

In other situations, the problem is best described as "right versus almost wrong." These cases fall in gray areas. Some involve common practices that are ethically dubious, like aggressive bluffing. Others involve the relentless pursuit of loopholes, emphasis on the letter rather than the spirit of agreements and contracts, or efforts to get as close as possible to a legal or ethical boundary without crossing it.

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[5] Timothy D. Wilson, *Strangers to Ourselves* (Cambridge, MA: Belknap Press of Harvard University Press, 2002).

[6] Max H. Bazerman, George Loewenstein, and Don A. Moore, "Why Good Accountants Do Bad Audits," *Harvard Business Review*, November 2002, pp. 100–101.

Exit, Loyalty, and Voice

When a manager faces the challenge of sustaining commitment, the answer may be as simple as a vacation or as complex as a new assignment or a new job. When the problem is excessive self-interest or a right-versus-right conflict, the answer often lies in personal reflection, careful attention to one's responsibilities, and conversations with mentors, trusted colleagues, and friends. In these cases, much depends on the specifics of a situation and the character and integrity of the manager involved.

However, when there is strong pressure to do something wrong, the alternatives are clear and sometimes stark. The economist Albert Hirschman developed a powerful, practical way to describe the basic options. In 1970, he published a classic work that described the choices open to consumers dealing with a failing company. The basic alternatives, as Hirschman described them, were exit, loyalty, and voice.[7] In recent decades, this framework has been applied to a wide range of economic, political, and social problems.

Exit. At first glance, this option seems clear. It involves quitting and looking for another job. In fact, managers are sometimes advised to keep some money in a "Go to Hell" account, in case they have to quit a job on short notice.

In reality, however, this option is not so simple. Exits, for example, can be quiet—"I'm leaving to pursue other options"—or they can be noisy—"I'm quitting and going to the SEC"—or they can be somewhere in between. Moreover, the ethics of exiting are tricky. Exit lets responsible people escape bad situations, but, as a result, perpetrators may get more room to maneuver. In other words, the exit option cannot be assessed in isolation. It has to be compared to the alternatives.

Loyalty. Initially, the ethics of this option seem straightforward—and quite dubious. Doing what you are told to do or expected to do is wrong, if it involves illegal or unethical behavior. But sometimes situations fall in gray areas. A newcomer might object to an industry practice, like very hard, almost ruthless bargaining, but later learn that these are the long-established rules by which everyone plays. In other cases, responsible people do not exit or even object to matters that make them uncomfortable—because they decide to fight these battles another day, or because it will make it hard for them to achieve other worthwhile goals.

These gray-area cases have to be handled with care. Some are slippery slopes, and all set an example for others in an organization. Strong personal values are crucial for drawing lines in these blurry situations.

Voice. Voice involves stepping forward, asking questions, offering alternatives, persuading, and sometimes warning and objecting. It is basically shorthand for the art of managing very difficult situations, and what voice means depends heavily on the specifics of particular cases.

Sometimes, voice means literally saying what one thinks: Bad decisions are often avoided only because someone has the courage to speak their convictions. Other cases are more complicated. Telling bosses that their ideas are unethical usually leads nowhere. The art in these situations is finding ways to caution, warn, and persuade and offering alternatives to dubious propositions. This is very hard work, requiring sensitivity, diplomacy, imagination, and a strong sense for what is practical. It also requires careful thought about exit and loyalty—because, if voice fails, these are the fallback positions.

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[7] For the most part, Hirschman's basic categories have been used or adapted by scholars and writers, rather than the detailed analysis presented in his original work. See Albert O. Hirschman, *Exit, Loyalty, and Voice* (Cambridge, MA: Harvard University Press, 1970).

It is important, however, not to think of voice in narrow terms. It is far more than one option for handling right-versus-wrong situations. Successful leadership is essentially voice. Leaders live out and express their values through what they do and through what they enable others in their organizations to do. In the end, this is the fundamental, enduring connection between personal values and professional responsibility.