

# Ignorance-Concealing Use of Amoral Means by Outsider Managers, a Covert Corrupting Practice that Nurtures Amoral Executives

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Executives' morality became a major research topic after **recent business scandals** but was missed a major reason for executives' immorality: **advancement by 'jumping' between firms**, causing **problematic ignorance of job-pertinent tacit knowledge**; rather than jeopardizing authority and exposing ignorance in order to learn 'jumpers' often used **Covert Concealment of Managerial Ignorance (hereafter: CCoMI)**.

Managers used CCoMI by either **detachment** and/or **autocratic seduction-coercion** (e.g., the 'jumper' in Gouldner's 1954 'Patterns of Industrial Bureaucracy').

CCoMI caused **vicious distrust and ignorance cycles** which generated **mismanagement**; it barred **performance-based career advancement** and encouraged **immoral careerism (IC)**, advancing by **bluffs, power abuse, scapegoating and other immoral subterfuges**.

IC is a known malady of large organizations but its explanation missed **'jumpers' use of CCoMI**, probably because **managers missed their own ignorance (Kruger & Dunning 1999)** while **CCoMI was kept secret on firms' dark side by conspiracies of silence**.

Managers' promotion adds them **power and prestige that enhance their discretion** (Fox 1974), making practicing CCoMI by immoral means easier and suggests that **successful 'jumping' careers nurture immoral executives like those of recent business scandals** (Villette & Vuillermot 2009).

# Advancing Careers by 'Jumping' Encourages CCoMI and IC

'Jumpers' often advance careers by **a façade of successful functioning in previous jobs**, using low-moral means: **concealing, camouflaging and scapegoating others** for one's mistakes, wrongs and failures, while **appropriating to oneself others' successes**.

'Jumpers' are common: **58% of US executives were 'jumpers', as were 33% of CEOs in the 500 S&P firms.**

Organizational knowledge and learning research missed a crucial question: **Which practices do 'jumpers' use as they face ignorance of job-essential local tacit knowledge of their new job, that subordinates have** due to education, practicing jobs and learning in communities of practitioners?

'Jumpers' successful job functioning requires learning local tacit knowledge by **ignorance-exposing vulnerable involvement in practitioners' deliberations, that gains their trust and will to share tacit knowledge** (Orr 1996; Zand 1972).

However, **ignorance exposure diminishes managerial authority**; regaining it requires **successful learning** by **jeopardizing authority through ignorance exposure**.

Due to large knowledge gaps, 'jumpers' often see **little prospect for learning, avoid vulnerable involvement** and **use their powers for CCoMI** through bluffs, power abuses, scapegoating others for their own failures and other **immoral subterfuges**.

**Use of CCoMI habituates one to IC**, forsaking advancing careers by performance.

# The Communal Kibbutzim (pl. of Kibbutz) were a Social Innovation that Changed Jewish History

The explanation is simple: **Without kibbutzim the Jewish people would not established the Israeli state against so many odds.**

However, like in many very successful social innovations

**Kibbutz leaderships perpetuated themselves for half of a century, became oligarchic, used socialist ideology to hold power, suppressed younger innovative leaders and eventually this social innovation largely collapsed in the 1980s terminal crisis.**

**All kibbutz students missed the negative practices of CCoMI and IC of the thousands kibbutz member managers of the Inter-Kibbutz Organizations (I-KOs) who enhanced and maintained the immoral oligarchization of the kibbutz field that failed this social innovation.**

Hence, my 2008 book that fully explains this phenomenon is called

## **Transforming Kibbutz Research**

**Trust and Moral Leadership in the Rise and Decline of Democratic Cultures**

# Mostly 'Jumpers' Practiced CCoMI-IC in 5 Gin Plants of Inter-Kibbutz Regional Co-operatives (I-KRCs)

**Inter-Kibbutz Regional Cooperatives (I-KRCs)** were industrial-commercial firms, each **owned by dozens of kibbutzim** (pl. of kibbutz) that served their agriculture *inter alia* by ginning their raw cotton in **automatic high-capacity gin plants**.

All executives and many mid-levelers were kibbutz-members called ***pe'ilim*** who 'jumped' from managing a kibbutz or other inter-kibbutz firms, **officially for 5 year *rotatzia* (rotation) terms** but many **powerful *pe'ilim* remained much longer periods** (Shapira 2005).

Due to **similar background to *pe'ilim*'s** I approached them as their peer, discussing common problems, reading their documents freely while learning ginning from renowned experts and then by **participant observation as an operator** (Shapira 2013).

**5 year intermittent anthropological observations** at the focal plant and shorter ones in 4 other plants + **255 interviews of all ranks** discerned the **majority of 25 CCoMI-IC practicing *pe'ilim*** from the **minority of 7 vulnerably involved knowledgeable ones**.

Immoral mismanagement by this majority caused **mediocre plant functioning; CCoMI-IC practicing executives mostly 'rode'** on **successful functioning by vulnerably-involved mid-level high-moral trusted learning *pe'ilim* and hired foremen and technicians**.

**One plant excelled for 13 years (of 20 studied) due to 5 high-moral vulnerably-involved *pe'ilim*, 2 CEOs and 3 plant managers (PMs) who created a high-trust innovation-prone culture; functioning deteriorated when CCoMI-AC practicing *pe'ilim* replaced them.**

## **The Dark Secret of CCoMI Defended ‘Jumpers’ Authority and Jobs and Enhanced Advancement by IC**

‘Jumpers’ practiced CCoMI-IC as they **lacked the psychological safety to expose ignorance** due to large knowledge gaps, and/or **they habituated CCoMI-AC in previous jobs**, and/or the **kibbutz field promised promotion by image building and sponsored mobility**, and/or they **emulated immoral bosses and peers**, and/or for additional reasons.

**The result: 22 of 32 executives practiced CCoMI-IC and were ineffective; 68% of them practiced IC and 78% were ineffective CCoMI users, versus only some 25% of mid-levellers, Deputy PMs and technical managers (TMs) who did so.**

This **gradation of morality followed power, authority and status ranking** that made practicing **CCoMI-IC easier the higher one’s position**; it is consistent with findings that show **lower morality the higher one’s status** (Piff et al. 2012).

‘Jumping’ is not an immoral act, but **it encourages covert immoral subterfuges aimed at concealing/camouflaging ignorance**, generating low-trust conservative-prone cultures through which **many ‘jumpers’ succeed despite mistakes and failures** (Boddy et al. 2010; Buckingham & Coffman 1999; Luthans 1988).

Such career successes **habituate managers to immorality**, becoming immoral executives whose **immorality cascades through the ranks** (Liu et al. 2012). Many **mid-levellers ‘jump’ under the auspices of immoral superiors**, while their **collaboration helps explain the lengthy successes of crooked executives** and Enron-like scandals.

## A Strathernian Contextualizing of I-KRCs' Prevalent CCoMI and AC

Explaining the prevalence of immoral careerist executives in the I-KRCs studied requires **a Strathernian contextualization (Strathern 2004)** that discerns impacting contexts; the **prime impacting context of I-KRCs was the kibbutz field** (e.g., Lewin 1951).

In early 1980s, ahead of the crisis of this field and when I-KRCs study ended, there were 269 kibbutzim with 129,000 inhabitants and 250-300 inter-kibbutz organizations (I-KOs), including I-KRCs, with 15-18,000 hired employees and 4,000-4,500 *pe'ilim*.

The numbers are inexact since **kibbutz research ignored the field perspective and I-KOs**, as I-KOs were low-trust, bureaucratic and autocratic and ***pe'ilim* norms violated kibbutz's high-moral, egalitarian and democratic ethos** and likewise cultures of many high-trust innovative successful kibbutz work units.

The kibbutz field was **ruled undemocratically by self-perpetuating oligarchic old guards** whom ***rotatzia* empowered by weakening the lower managerial ranks** and by ideology legitimizing their life-long power holding (Shapira 2005, 2008, 2012, 2016).

Old-guard rule generated the **dominance of sponsored mobility in the field**, much like in capitalist corporations (Kanter 1977; Levenson 1961): many **advanced by fake positive images and loyalty to higher-ups** rather than by **performance**. Accordingly, **none of the few non-CCoMI-IC user CEOs and PMs advanced to the kibbutz field's top level jobs**.

**I-KRC findings seem pertinent for any large bureaucracy with many 'jumpers' in mid- and high-level jobs, including bureaucratized co-operatives** (e.g., Stryjan 1989).

# Conclusions

Researchers have **missed major insights concerning 'jumping'**:

- A. **'Jumpers' suffer particularly problematic ignorance** of job-pertinent knowledge;
- B. **Overcoming this ignorance requires exposure, risking one's authority, job, and career;**
- C. **'Jumpers' mostly used managerial power to practice CCoMI and IC instead;**
- D. Such practices resulted in **vicious self-perpetuating distrust and ignorance cycles, conservative-prone cultures, and immoral mismanagement** (Shapira 2015a, 2015b).

**Additional reasons explained the prevalence of practicing CCoMI-IC among I-KRC 'jumper' executives:**

- 2. **Sponsored mobility** was a dominant promotion mode in **the oligarchic kibbutz field,**
- 3. **Immorality cascaded from the field's higher-ups** to lower managerial ranks,
- 4. Impending *rotatzia* promised *pe'ilim* that a **current job's know-how and phronesis would be worthless in the next managerial job** elsewhere in the field,
- 5. The **stymied careers of vulnerably involved managers** who led high-trust cultures **discouraged following them.**

The kibbutz field largely resembled a huge capitalist corporation; the finding that 'jumper' executives mostly practiced CCoMI-IC and shaped low-trust cultures supports the hypothesis that **common 'jumping' in the corporate world often nurtures immoral executives and helps explain many business scandals.**

## Discussion and Solutions

The kibbutz field's oligarchization enhanced **I-KRCs' immoral mismanagement**. Neither **leadership life cycle theory students** (Hambrick 2007) nor **students of democratic work organizations** (Russel 1995, Stryjan 1989) studied **provisions aimed at curbing leaders' oligarchic tendencies**. **Rotatzia enhances such tendencies**, as do generous severance benefits for CEOs' early retirement, known as **'Golden Parachutes'**.

A prime solution is **workplace democracy** (Erdal 2011, Semler 1993, Stocki et al. ???[In Polish]): **employees are the first to discern CCoMI and IC, hence their inclusion in succession decisions can curb both leaders' immorality and oligarchic tendencies**.

A 2nd provision can be **periodic tests of trust in a leader, e.g., re-election every 4 years** while allowing a **3rd term for successful leaders trusted by more than a 66% majority** and a **4th term for leaders trusted by more than an 88% majority**. As Leaders are indeed **rarely replaced really democratically after more than 16 years on the job**, hence this seems to be the correct limit.

A 3rd provision is **the preference of insider successors**. 'Jumpers' enjoy **'the neighbour's grass is greener' effect** and **more easily enhance self-presentation** (Goffman 1959; Wexler 2006). **Adding new selection yardsticks would prefer insiders as their record of practices is better and more reliably known than that of 'jumpers'**. **These yardsticks will include:**

1. How much a candidate **practice vulnerable involvement and create trust and learning cycles in previous jobs** (Shapira 2012)?
2. Did a candidate **acquire, by such learning, referred and interactional expertises that suit the firm's major problems** (Collins & Evans 2007, Collins & Sanders 2011)?
3. Did a candidate **achieve successes by trustful high-moral transformational leadership** (Burns 1978, Graham 1991) in previous jobs?

**Thank You!**

**The full ethnography will appear in my forthcoming book to be published by Routledge soon:**

## **Mismanagement, "Jumping," and Morality**

**Covert Ignorance and Managerial Careerism in Industrial Organizations**