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Life & Style

Philip Delves Broughton
 15.03.10

Spotting phonies is easy. You hear them talk and there is no way even they can believe what they are saying. But why do they seem to run the world? Why is it that the more powerful people become, the less sense they make to the rest of us?

It happens in business, politics, academia, education. People who presumably started out life as plain-speaking children become adept manglers of thought, language and even ethical codes as they ascend the ranks. And the justification is always that this is how one plays the game.

Roger Martin, the dean of the Rotman School of Management in [Toronto](#), has labelled these powerful cliques "inauthentic communities" and blames them for all kinds of shenanigans.

His theory explains why executives lavish themselves with perks and then seem baffled when shareholders attack them for it. Or why MPs abused their expenses. It was not because they were all crooks but because expense fiddling was such common practice that no one bothered to point it out. Deceit became the norm.

Look at bank chiefs. Having created the subprime mess and demanded taxpayer money to survive, they then pay themselves large bonuses and wonder why everyone is so cross.

Such blindness is typical of an inauthentic community. Not so many years ago, bankers and company owners lived in the same communities as their borrowers and employees. They had to face them every day. Nowadays investors and executives can live thousands of miles from the people who depend on them. When they load up a company with debt or drive it into bankruptcy, they never have to witness the lost jobs or tears.

Martin defines a healthy community as one which values reciprocity over exploitation; long-term relationships over one-off deals; one which protects the weakest rather than gouges them; which worries about the consequences of its actions on others; and which discourages its members from games which endanger the community.

Most of us know exactly what a healthy community feels like, whether it is a family, a school, a neighbourhood, a group of friends at university or work. Which is why it can be so jarring to enter the world of business, where you are told to "play the game", however weird, bogus or outright dishonest it may seem.

But spend long enough inside an inauthentic community and the weird quickly becomes normal. It happens at companies which turn corrupt. [Enron](#) was an unspectacular energy distribution company until it began trading in everything from bandwidth to weather futures. Its descent was not attributable to one stunning act of stupidity but to a series of criminal acts which began small then snowballed. The leaders at the firm told lies which everyone around them was only too happy to believe. It was the ultimate inauthentic community.

Take [Goldman Sachs](#)'s involvement in [Greece](#)'s public finances. Several years ago, its bankers sold Greece a deal to roll over its debt repayments and move some off the public books.

Goldman later backed a company which ran an index tracking the probability of debt defaults within the [EU](#). Then, in recent weeks, its traders have been betting profitably on the likelihood of such a default.

Goldman may have all kinds of explanations for its behaviour. But from the outside it looks as if it sold Greece debt it could not afford, then bet on it not being able to afford it. You wonder if



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anyone in Goldman said at any point: "This feels wrong." And if they didn't, why not? The Greek debacle has done yet more damage to Goldman's battered reputation, if not yet to its bottom line.

But inauthenticity does not have to be so dramatic. It's in every awkward office bonding session. That voice in your head saying "This is awful", or "They can't really mean that" is your inauthenticity detector. It goes off every moment you behave differently at work from how you would after hours.

If it was up to you, for example, would you sit through most corporate presentations? They are often boring and inefficient. Political speeches are the same. And yet we put up with the boredom and fakery because this is how grown-ups are supposed to behave.

What could change this? Nancy Koehn, a professor at [Harvard Business School](#), says the answer lies online.

The classic inauthentic community was described by [Hans Christian Andersen](#) in The Emperor's New Clothes. No one but a fearless young boy dared tell the emperor he was naked. Online communities are proving to contain vast numbers of people willing to tell the emperor he is naked, the politician she is boring, the CEO he is full of it.

Companies would do well to heed them.



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Reader views (4)

Bit of a generalisim about bank chiefs and banking - Only a few banks 'failed', they didn't demand money from the taxpayer, the government insisted they took it based on a criteria (and organised poor mergers) and most bank executives have foregone their bonuses.

Try oil executives and over paid public servants..

- **Hansel, London**

This article is boring and full of it.

- **Clovis, London**

I have been observing how people from 'the educated elites', which is what you are talking about here, seem to get together to do 'ego swaps' from which they get 'euphoria' . This is a sort of 'love drug' which impairs judgement. David Riesman in 'The Lonely Crowd' identifies a trend to conformity and other-directedness in American society. I would suggest that these two aspects work together and linked with hierarchy help to create failing institutions.

I think the answer is to emphasis the importance of works councils and the working group dynamics theorised by W.R. Bion, to augment the voice and value of all workers.

- **Jeff Lawrence, London England**

Hilarious. What Utopian planet does this academic come from? We are pushing the boundaries of moral rectitude to an unprecedanted limit - these models of perfection have never existed, don't exist and can't exist. Everything is essentially flawed; people sometimes do their best but often fail to reach these sublime levels of rectitude and moral excellence. We are all only human after all. I wonder at this imposition of impossibly high standards of behaviour I do really. At least religion

recognised man's essential fallibility.

- Dorinda, London UK

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