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Trends Affecting Both Legitimate Business and the Italian-American Mafia and the Resulting Changes In the Leadership Process

By

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Introduction

The past two decades have brought with it a wave of movies and novels attempting to explain, or at least accurately portray, the Italian-American Mafia. One who has viewed the *Godfather* quickly becomes fascinated by this subculture and its ability to exist simultaneously with the rest of society. Moviegoers are mesmerized by codes of loyalty, silence, and kinship. However, much of what the public perceives as fact is little more than fabricated fiction. Part of what makes this world so intriguing is so little is known about it. For example, until 1986 there was no solid proof that the Mafia even existed.

Much of the Mafia's mysterious existence is due to its lack of a uniform name. The organization's name as used by insiders varies from place to place. In Buffalo, it is "the Arm", in New England it is "the Office", whereas in Chicago it is known as "the Outfit" (Smith and Alba, 35). "No one has ever caught a Mafioso using the word 'Mafia'...It has been replaced with euphemisms, which often vary from city to city" (Gage, 27). The most well known nickname is 'La Cosa Nostra' which translated means "This Thing of Ours". By whatever name it goes by, the mystery surrounding the Mafia remains.

Pursuing the leadership implications of the Mafia allows leadership students to view it from another perspective. The Mafia's ties to family and loyalty are unique and incomparable to any other organization. The past three years I have studied leadership within "legitimate" organizations. In this project I wanted to learn if there exist parallels between the leadership issues that face legitimate family run businesses as compared to leadership issues within the Italian-American Mafia. Granted there exists a debate within leadership circles as to whether leadership can exist without morals. While this is an important issue, the similarities, as well as the differences, of leadership within the Italian American Mafia need to be recognized.
Hopefully, through this paper one can learn more about which trends influence not only legitimate business, but also illegal organized crime operations. This paper is an in-depth review which attempts to identify developments characteristic of both legitimate family businesses and the Italian-American Mafia. In order to accomplish this goal, the first section of my analysis outlines a brief history of the Mafia and its contemporary state. Without this crucial information, the current, as well as future trends are meaningless. The history of the Mafia provides a context and the perspective from which the reader can understand all future trends. Subsequently, my research focused on the leadership issues facing legitimate family run businesses. Finally, an analysis of why current leadership trends are occurring both in the Mafia and in legitimate family business is presented. Another facet to this analysis is observing trends unique to the Mafia, and suggesting what legitimate business could learn from observing leadership within the Mafia.

**Literature Review**

I have reviewed various sources to obtain up-to-date information, as well as a historical prospective of the Italian-American Mafia. Contained in my literature review are three opinions on the origins of the Mafia. Due to the secrecy of the organization no one researcher has been able to present an undisputed history of the Mafia. I chose the three views of Mafia origin for which there is a considerable amount of literature and support.

**Three Views of the Origin of the Italian-American Mafia**

**View 1:**

The origins of the Italian-American Mafia have been debated for a number of decades. According to Nicholas Gage in his 1971 book, *The Mafia Is Not an Equal Opportunity Employer*, the Mafia had its beginnings in 13th century Sicily. In Palermo, Sicily in 1282 the natives revolted against their French rulers. The motto of the
rebellion was "Morte Alla Francia Italia Anela!", which translated means, "Death to the French is Italy's cry!". After the rebellion a secret organization was formed to protect poor Sicilians; it took its name from the first letters of the insurrection's motto: MAFIA (Gage, 30).

Sometime during the 19th century the character of the Mafia had transformed, and its goals changed. Members were being hired by rich land owners to keep the peasants in line. Eventually, the Mafia men began to extort money and goods directly from the peasants. Nicola Gentile, who was born in Sicily in 1884, came to the United States in 1903, and later headed the Mafia in Pittsburgh, Kansas City, and Cleveland. Gentile said this about the Sicilian Mafia, "All organizations are born with principles, humanitarian goals, but in their midst opportunities are never missing and men always try to use them to make a profit"...the Mafia became an organization, "that finds its reason for existence in force and terror" (Gage, 30).

The first Mafiosi came to the United States with the first wave of immigrants at the end of the last century. The first recorded Mafia killing within the United States occurred January 24, 1889. A man named Vincenzo Ottumvo was murdered in New Orleans during a card game. Stemming from this crime two grand juries investigations were conducted. The report of one grandjury:

"The range of our researches has developed the existence of the secret organization styled 'Mafia'. The evidence comes from several sources fully competent in themselves to attest its truth, while the fact is supported by the long record of bloodcurdling crimes, it being almost impossible to discover the perpetrators or to secure witnesses" (Gage, 31).

By 1910, there were Mafia gangs in many major United States cities. And According to Gentile the Mafia members were, "ignorant and practically all illiterate" and preyed almost exclusively on newly arrived immigrants (Gage, 31). Another early
incident displaying the Mafia’s power was The Night of the Sicilian Vespers. On September 10, 1931, a Mafia leader named Salvatore Maranzano was killed by a rival Mafia boss. Maranzano was supported by older leaders known as “mustache petes” (Gage, 32). After Maranzano’s death, younger Mafia leaders across the country eliminated many “mustache petes” in a single night of executions that came to be called The Night of the Sicilian Vespers. United States Attorney General, Ramsey Clark, in his book Crime in America, puts the number of those murdered at forty. (Gage, 32).

**View 2:**

Nicholas Gage’s account is not the only source of Mafia history. In the article Organized Crime and American Life, Dwight Smith and Richard Alba discount Gage’s writings as unfounded. Smith and Alba attempt to disprove the Mafia’s origins in Sicily. According to Smith and Alba, the Italian-American Mafia did not form in Sicily and then transplant itself in the United States. According to the authors, Gage’s view that the Mafia was founded during the 13th century Sicilian Vespers is untrue. Gage’s assertion “rests on the claim that ‘MAFIA’ was the acronym for a slogan supposedly used during the Vespers (‘Morte Alla Francia Italia Anela- Death to the French is Italy’s Cry’). But the slogan -in its nationalism, for example, -makes sense only in 19th century Italy, not in 13th century Sicily”(Smith and Alba, 33). This would not be how the Sicilians referred to themselves in the 13th century. The Sicilian Mafia was not a criminal organization but rather a mode of social organization. “In sum, the secret of [Sicilian] Mafia power lay not in the criminal society but in the Mafioso’s central location in a complex web of obligations and kinship relations, as well as in his ability to call his debts and achieve specific ends” (Smith and Alba, 33).

There is also some debate of the first recorded Mafia presence. Gage points
out it was in 1889, with Ottumvo's murder. According to Smith and Alba, most authors are content to start with the famous Hennessy murder in 1890. Hennessy was a New Orleans police chief, who was supposedly killed by a group of 'dagos'. A jury failed to convict a number of Italians of the murder. In response, a number of citizens stormed the local jail and lynched eleven Italians held in connection with the case (Smith and Alba, 32).

Prohibition and its aftermath are the points at which one finds the most recorded attention being paid to Italian-American organized crime. The authors believe that many ethnic groups entered organized crime around this time, though only the Italians had the organizational strength to continue to flourish once the stimulus [Prohibition] ended.

Another point of disagreement is The Night of Sicilian Vespers. Smith and Alba, who called the event the Castellammarese War, do not believe in its occurrence. Joseph Valachi (the first Mafia member turned government informant) testified in 1963 of 'Purge Day', "when scores of old time greasers were supposedly killed in a nationwide purge by which Lucky Luciano completed the Americanization of the Mafia. No Mafia text documents the accuracy of this story, and perhaps for good reason: there is little or no evidence to support it" (Smith and Alba, 34).

**View 3:**

A final view of the origins of the Italian-American Mafia weaves together information from each of the above sources. Francis Ianni's book, *Family Business*, reports findings from a study one Italian-American Mafia "family". Ianni believes the Sicily to America connection is more in attitude than facts. In Sicily, the word Mafia has two distinct meanings. When the word is used as an adjective, it describes a state of mind, a sense of pride, a philosophy of life, and a cycle of behavior which Sicilians
recognize immediately (Ianni, 24). Even in Sicily, when Mafia is used as a noun it clearly denotes an organization as well as a state of mind (Ianni, 25). Ianni writes, “The Sicilian Mafia is actually a collection of independent Mafia (local gangs) and not an organization that could have made a decision to export Mafia to the United States for criminal or any other purposes. Italian- American Mafia leaders did, however, bring the cultural attitude of the mafia with them, and it affected their relationship to organized crime in America” (Ianni, 43). Ianni believes that for a short period (1925-1930) the American Mafia did in fact resemble a Sicilian Mafia. But after that period, Italian- American involvement in organized crime has been molded by a unique combination of Italian and American cultural values and social conditions. “As acculturation proceeds, the relative weight of American as contrasted to Italian values will continue to increase” (Ianni, 43).

From 1820 to 1930, an estimated 4.7 million Italians came to the United States. This was the largest and longest exodus from any European country to the United States in modern times (Ianni, 43). As late as 1930, about 75 percent of the Italian American population lived in the Little Italies of urban centers in six Middle Atlantic and Northeastern states. New York, New Jersey and Pennsylvania had more Italian-Americans than the rest of the country combined (Ianni, 44). According to Ianni, Italians, especially Sicilians, were weary and untrusting of the government in their homeland. When they emigrated to America they brought with them this distrust. Italian immigrants also brought to America such as: the village culture, the primacy of ties to kinship, religion, and superstition (Ianni, 47).

These beliefs, coupled with the fact that the newly arrived immigrants could not read a paper or converse with those who did not speak Italian, and their large numbers thereby recreated Italy in America. While other immigrants also experienced many of the same turmoils Italians were also unique. Italians' strong collective identity
and distrust in the government were not felt by other immigrant groups. “The only major change he [Italian-American immigrant] had to make was in occupation. But even here he could not change overnight from a semi-fuedal agricultural serf to an urban manufacturing worker” (Ianni, 47). This is where he relied on the system from the homeland. Rather than work as an individual he became part of a gang. The Italian immigrants (paesini) formed a group with a padrone as their leader. A padrone was a fellow villager who spoke English well enough to make arrangements with employers to secure the sale of Italian labor. All these factors, according to Ianni, in addition to the mafia attitude, set the stage for Italian-American organized crime.

As stated earlier, the Italian-American dominance of organized crime did not occur until the 1930’s. A number of social scientists have analyzed the relationships among ethnicity, organized crime, and politics in American life. According to Daniel Bell’s article, Myth of the Cosa Nostra, as cited in Ianni’s Family Business, there was a transfer from one wave of European immigrants to another of a “queer ladder of social mobility” out of the slums which had organized crime as the first few rungs (Ianni, 49). The Irish were the first gangsters to climb the ladder. Through their eventual control of political machinery in large cities, the Irish won wealth, power, and respectability. They controlled construction, trucking, public utilities, and the waterfront. Jews proceeded the Irish, and dominated gambling and racketeering for a decade. The Jews quickly moved up the ladder to more legitimate means of money making. The Italians were last and did not get the advantage until the 1930’s (Ianni, 49). The 1930’s also brought a change of leadership to the Mafia. Ianni writes of the Castellammarese War (Night of the Sicilian Vespers) during which close to forty “old mustaches” were killed (Ianni, 59). The old “mustache petes”, the custodians of the mafia tradition, were gone. The younger immigrants and succeeding generations pictured themselves the urban American gangster, not the Italian mafioso (Ianni, 59).
Present day Mafia:

According to Gage, the Mafia and organized crime as a whole is weaker today [1971] than it was in 1962 when Joseph Valachi testified. "The Mafia is still a formidable and threatening force. The leadership of the Mafia, due to prison and death, has changed considerably since 1962" (Gage, 36).

According to Gage there have been two critical moments in the Mafia's history that mark its demise within the United States. The first was the meeting of Mafia bosses in Apalachin, New York on November 14, 1957. This meeting was held in the home of Joseph Barbara, under the orders of Vito Genovese. Vito Genovese had recently taken control of New York City's Genovese crime family. The meeting had barely begun when state police closed in on the house. The Mafiosi quickly scattered into a nearby woods and a number of them escaped, but the police picked up sixty others. Since 1957, police have been aware of a number of smaller Mafia conclaves, usually dubbed "Little Apalachins". Nevertheless, the Apalachin and succeeding meetings indicate that the Mafia families across the country are indeed linked to each other, even though they operate independently of each other in their own areas (Gage, 37).

Another downfall of the Mafia was the testimony of Joseph Valachi. Valachi was a 'soldier' in the New York City Genovese "family". While both he and Vito Genovese were in prison, Genovese became convinced that Valachi had become an informant. Threatened by Genovese's betrayal, Valachi then began to tell the authorities about "Cosa Nostra". The detailed picture Valachi told of the Mafia made Americans see how the organization's activities were a menace to society. Public concern stimulated law enforcement to become more aggressive in their campaigns against organized crime, and to coordinate their efforts in fighting it (Gage, 36).

These incidents occurred decades ago, but set the stage for what is
presently occurring within the Mafia. Since Joseph Valachi testified, there have been numerous other informants, but a lot of the Mafia secrets still remained untold or contradictory accounts exist of reputed Mafia activities. Since Valachi’s testimony, a number of inconsistencies have caused many to question the validity of his testimony.

In 1980, Jimmy Fratianno turned government informant. To many his testimony was seen as more accurate than Joseph Valachi’s for two reasons. Fratianno was said to be (1) a high ranking member of an organized criminal group, and (2) his testimony resulted in the conviction of a number of suspected organized criminals (Albanese, 111). The government attempted throughout the case to establish the existence of the Cosa Nostra. Fratianno’s testimony conceded to the existence of a secret Italian organization that has “families” throughout the United States. Finally in 1986, the debate over the existence of the Mafia was settled. During a 1986 trial, the alleged ‘bosses’ of the New York City crime families conceded that the Mafia existed and has members (Albanese, 124).

“The 1980’s and 1990s will be remembered as a period when the U.S. Justice Department took new initiative and began prosecutions of a large number of reputed organized crime figures in federal courts around the country” (Albanese, 120). Many Cosa Nostra leaders have been convicted and received lengthy prison sentences. The average age of the offenders was more than 62. Since, the average sentence was 25 years, “It is likely that an entirely new leadership will emerge among Italian-American organized crime groups” (Albanese, 120). Many feel these new leaders will “bring to power younger, more aggressive leaders who will use violence more freely to protect their interests and avoid prosecution” (Albanese, 125). This change in leadership will bring unknown consequences to the face of the Italian-American Mafia.

**Membership and Structure:**
Similar to the origins of the Mafia, its membership and locations are often subject to debate. The number of members varies depending on whose information one studies. There is also a discrepancy concerning where the members are located throughout the United States. However, there does seem to be some uniformity concerning the structure of the Mafia within the United States.

As of 1971, there were twenty six Mafia families operating in twenty one metropolitan areas in the United States, with five thousand full fledged members and two thousand belonging to the five families in the New York City area. No new members have been inducted since 1957, partly out of fear that increasingly effective federal law enforcement agencies will infiltrate enough informants into the families to destroy the Mafia (Gage, 36). As a result, the Mafia has been recruiting a growing number of “associates”-men who work in the Mafia rackets but are not members and are not privy to the secrets that go with membership (Gage, 36-37). A full fledged member of the Italian-American Mafia is initiated through a ritual ceremony full of symbolism signifying his loyalty to the Mafia. It has been reported that at the initiation ceremony the new member’s gun finger is pricked and he must kiss all the “bosses” thereby pledging his loyalty to the organization. On the other hand, “associates” are men who work for the Mafia performing lower level jobs, but have not been initiated-many are not of Italian decent therefore excluded them from ever obtaining full membership (Gage, 36). The Mafia believes by using associates many of their illegal operations will remain undetected, and many of the organizations’ secrets will not be revealed.

According to the Smith and Alba article, the number of members is between five thousand and ten thousand men, all of Italian ancestry and organized into 24 families throughout the United States (Smith and Alba, 32). In the 1980 Fratianno trial, he claimed there were 25 families throughout the United States. According to the head of
the FBI's organized crime operations there exist 26 families (Albanese, 114). Interestingly, there are a number discrepancies about the areas where these families are located. Fratianno claimed there were families in: San Francisco, San Jose, Los Angeles, Denver, Dallas, Kansas City (Missouri), Chicago, Detroit, Cleveland, Buffalo, St. Louis, Pittsburgh, Steubenville (Ohio), Milwaukee, Philadelphia, Pittson (Pennsylvania), New Orleans, Tampa, an unknown city in Connecticut, Providence and the five families of New York City. However, the FBI believed there were families in Tucson, Rockford (Illinois), Madison (Wisconsin), and Elizabeth-Newark (New Jersey) none of which Fratianno acknowledged. In addition the FBI representative, who testified before a Congressional subcommittee on organized crime, was not aware of the existence of families in Steubenville, or Connecticut, or that there was an active group in Dallas (Albanese, 116).

Aside from the problem of where the Mafia is located, there is also confusion on how many members there are. As mentioned above, Gage puts the number of members between two thousand and five thousand. Smith and Alba place membership figures between five and ten thousand men. According to the FBI unit chief during the 1980 trial, the number of members is two thousand. He goes on to say, "However I must say that is probably the most misleading figure I could throw out because these are the initiated members" (Albanese, 117). The FBI chief explains that for every initiated member at least 10 people are aligned and associated with them on a daily basis (Albanese, 117). This is similar to Gage's explanation of 'associates'. According to the FBI, the number of people doing La Cosa Nostra work is 20,000, which by their own admission, is a conservative figure. The discrepancy occurs when one looks at the time frame. Valachi testified, in 1963, that there were two thousand Mafia members in New York City alone, whereas the FBI believed nationwide there were only two thousand members in 1980 (Albanese). Albanese concludes, "that
there not only appears to be contradictions between Fratianno and the FBI’s testimony in 1980, but the Justice Department claims about the Cosa Nostra in 1980 cannot be believed if we are also expected to believe the claims of their 1963 witness, Joseph Valachi” (Albanese, 118).

A facet of the Mafia that seems to be widely agreed upon is the structure within the secret organization. The Mafia “family” is the crux of the organization. Family comes from the Italian ‘famiglia’ and it does not mean that all the members are necessarily blood related. In most cases, they are not (Albanese, 117). Within each family there is a head of the family known as the boss, or capo famiglia. Underneath the boss, there is an underboss. Next, are the capos who are in charge of 10 soldiers (members). There is also a consigliere, who is the counselor of the family. The top position is known as the boss of bosses, this person is picked by the heads of all the families. The boss of bosses oversees the entire organization, this is mostly achieved through contacts with the families’ bosses. Fratianno testified that there was also a commission- which was comprised of the five bosses of the New York City families and the boss of the Chicago family. The purpose of this commission was to handle disputes between families. If a family was having problems with another family, they were to go before the commission (Albanese, 118). This hierarchical structure has been with the organization for many years, and at least up until the past decade, continues to flourish. According to Smith and Alba the reason a structure such as this can exist is because the members are rooted together by kinship and ritual (32).

Regardless of the origins of the Italian-American Mafia or the true number of members there exists a secret organization that functions independently from the rest of society. The Mafia has been in America for over a century with no demise in sight. The Mafia has been able to perpetuate itself and become a vital entity even today.

**Trends in Legitimate Business**
Family Owned Business

Within the business community numerous trends have occurred during the last two decades. These trends have affected the structure and leadership within organizations. The family owned and operated business not only deals with trends common to all businesses, but also grapples with issues unique to their situation.

"‘Legacy’, is the word that comes up when talking with founders about why they began family businesses. Starting a family business is an opportunity to leave a business that could provide some financial security for their children and even the ‘next generation’ (Pounds, 1D). Founders hope to pass the business from one generation to the next. Many family owned businesses began when college was only for the wealthy. So to many parents, a family owned business was seen as the only way to provide their children with luxuries and educational opportunities they did not have.

According to a national survey conducted by Arthur Anderson in conjunction with MassMutual Insurance, the next five years will bring unprecedented changes to family owned businesses (Ditz, S3). Arthur Anderson surveyed 3,033 American companies run by families with an annual revenue of more than $1 million. The median company had been in business 46 years, and had 50 employees and $9 million in annual revenue. The main issue facing family run business in the next decade is an “unprecedented level of turnover”. The Arthur Anderson/MassMutual American Family Business Survey ‘97 reports 33% of family firms responding to the survey expect their CEOs to retire by the year 2002. Forty-six percent said their current CEO will semi-retire within the same period, while 64% expect retirement within 10 years. “What we have seen is that a lot of the family owned businesses were started after War World II. Most of them are in the succession stage. The next generation is in line to take over”, states Craig Kirsh, an associate director of Arthur Anderson’s Center for Family Business in Pittsburgh (Carlisle, 1). This anticipated amount of change is
predicted to shift the leadership within many of the firms. The major consideration is who will take over when the CEO retires? This can become a sensitive issue because it is not just a professional decision, but also a personal one. Often current CEOs avoid talking about succession because it hits so close to home. “Management and ownership succession can be disruptive for any company, but it is particularly difficult in the context of the family relationship that exist in these businesses,” states Mark D. Feldman, associate director of the Arthur Anderson Center for Family Business in Phoenix (Larson).

Although there are other major issues facing family businesses at any given time, such as consolidation, downsizing, and competition from big companies, the question "who will run the company next" is always a central concern (Carlisle, 1). Traditionally CEOs stay on the job six times longer in family run business than the CEOs in non family public companies. Therefore, this creates an environment where the issue of succession appears not to be critical. This, according to experts, is a paramount mistake. Failure to plan is one key reason some family businesses won’t survive, according to the Arthur Anderson Center for Family Business. The statistics validate this point; according to the U.S. Small Business Administration nationally 70% of the family owned businesses do not make it to the second generation and 87% do not last to a third (Pounds, 1D). Much of this can be blamed on the lack of succession preparation.

The major barrier to choosing a successor is psychological. “Parents naturally do not want to hurt their children”, Says Larry Robertson, executive director of the Family Business Forum at Santa Clara University (Larson). If the parents have not developed a clear and well communicated plan of succession there is a possibility of conflict among the siblings. The experts agree that open communication can relieve much of the stress surrounding succession. “Problems in family business often
revolve around lack of communication and clarification between generations on roles, missions, and values of family members in the business," said William Harrington, director of Nova Southeastern University’s Family Business Institute in Fort Lauderdale (Pounds, 1D).

The Kilpatrick family of Boyton Beach, Florida tackled the succession issue in a structured and successful way. The Kilpatrick Co. is moving into the second generation. It was started by father, Hal, as a sprinkler installation business. It has grown into six operations under three corporations, about half of which are golf-related (Pounds, 1D). Sons Tim and Jon joined the company officially after college. The first born son, Hal Jr., left the company to begin his own company, which specializes in golf course irrigation. Both Tim and Jon started at the bottom and earned their way along. Respect is paramount to the Kilpatricks. The Kilpatricks rely on their Christian beliefs to lay the groundwork for solving problems. They have already discussed and decided who will take over when Hal Sr. retires and both brothers are comfortable with the choice. The Kilpatricks have also laid the guidelines for the next generation to enter the business (Pounds, 1D).

However, most family business successions are not a smooth as the Kilpatricks. For example, the two sons of Harry Winston are engaged in a long, ugly, and expensive court battle. Harry Winston is the founder of the jewelry store by the same name. Harry Winston Jewelers is worth $150 million. The court battle has been an eight year dispute that has cost an estimated $10 million (People, 83). The two brothers, Ronald and Bruce, are fighting for control of the company. When Harry Winston died in 1978 he gave equal shares in the company to his sons, but while he gave Ronald the stake outright, he placed Bruce’s in a trust supervised by his brother. Then in 1986 Ronald fired Bruce. Since that point the two brothers have been involved in litigation over the company.
Due to the unprecedented changes occurring within family businesses, "the family business will [need to] explore new leadership concepts" (Ditz, S3). A major trend is the increasing role women play within the company. Currently 5% of the surveyed companies are headed by women. But according to the survey, 25% of the companies expect a woman to succeed the current boss. "Finally, the family-business sector is coming into modern times and looking to a larger group of successors", states Ross Nager, executive director of the Houston based Anderson Center (Ditz, S3). This lifting of the glass ceiling offers numerous opportunities for women.

The use of Co-CEOs will also become more common in family owned businesses. This trend is in part a response to the succession conflict. By sharing control of a business more than one sibling can lead the company. Forty-two percent surveyed envisioned Co-CEO within the next five years. Currently only 11% have such a structure. According to Mr. Nager, this arrangement will prove difficult for most businesses. Decision making is much more challenging when consensus is required. Anderson recommends having outsiders on the board of directors to add balance, which they feel is critical to successfully maintaining the Co-CEO arrangement. The multiple-president system utilized by Nordstrom, the Seattle-based department store retailer, is quite effective. Nager states, "... the Co-CEO structure can work if the family business provides an opportunity for the principals to learn how to work together to establish a strong foundation. If an organization is large enough and you can divvy up responsibilities and have all the necessary support systems, you can make it run" (Ditz, S3).

A final trend the survey spotted was the strong desire to keep the business in the family. Seventy nine percent of the senior generation wants the business to stay in the family. However, 9% of the national companies suspected their children do not share their commitment. While succession offers numerous perils to a business, it also
offers benefits. New leadership offers an opportunity for new management styles, and even, for the children, an opportunity to gain a new appreciation of the business their ancestors built (Carlisle, 1). Often children go to college and work outside the family business before returning to the family business. This outside work allows the children to gain a greater value for the family business. Another advantage to the change in leadership is the next generation is more attuned to technological change and is more likely to upgrade the company (Larson, E1). The next generation may also take the business international. Fewer than one in ten U.S. companies surveyed report generating more than 10% of their sales internationally. “But new CEOs looking to match their parent’s success might consider international markets a viable alternative”, according to Joe Horner, manager in the family wealth planning and individual services group of Arthur Anderson’s Phoenix office (Larson, E1).

Nate Sachs, associate director of Massachusetts Mutual Life Insurance Co.’s Family Business Enterprise, believes there are some disadvantages to the upcoming changes in leadership (Ditz, S3). One such disadvantage is the differing work ethic between the generations. “The founders worked seven days a week, all day, every day,” he said. “The younger generation is coaching soccer, going to PTA meetings and taking ski vacations. They are going to have a different mentality” (Ditz, S3). A way to offset this difference is a commitment to shared values. “The basis of any successful family business is shared values”, says Craig E. Aronoff, author of family business books and director of the Family Business Institute at Kennesaw State University in Georgia (Ditz, S3). When parents and children share the same set of values the direction of the business becomes clear. In addition, when problems arise the shared set of values lays a foundation of how to correct the situation.

Another disadvantage is related to the fact that most family owned businesses lack written strategic plans. According to the survey less than a third had a written a
strategic plan in place, compared with more than 50% in a similar survey done two years ago. This can have a negative impact on a business with shifting leadership. First, "companies with written plans tend to engage in other types of planning, such as buy/sell agreements, a formal stock redemption plan and formal valuation of company shares" (Ditz, S3). Without these plans the company successful passing from one generation to the next is doubtful. The above mentioned plans offer a blueprint for the next CEO to follow and a direction to head towards. Another negative is the founders often carry everything around in their heads. "Entrepreneurs are not always good teachers or managers", states Robertson. "Everything about the business may be intuitive for them and they expect everyone around them to just be on board, even though they may not be articulating the company’s direction" (Carlisle). This lack of communication can cause many conflicts and make the transition from one generation to the next quite turbulent.

A final disadvantage to the changing of the guard is the lack of interest by the next generation. While many children return to their family’s business some do not. The financial success of the family business often provides resources that allow the next generation to pursue other career paths. As stated earlier, many family business owners initiated their firms as a means to provide a better life for their children. So while they were not able to attend college, many of their children did, and have subsequently gone on to become lawyers, doctors, and teachers, with no interest in taking over the family’s business when the parents retire.

In the next five years the face of the family owned business in the United States will change. Within the coming years more than half of the current CEO’s will retire. Often poor planning concerning succession will result in the demise of the family business. It is an emotionally charged issue that many do not want to confront. "Family business owners are tremendously hesitant [to address problems] because
issues are so complex and tied to emotional issues, " said Patricia Frishkoff, director of the Austin Family Business Program at Oregon State University (Pounds, 1D). Too often according to Frishkoff, "most successions happen at the funeral, and that is a recipe for disaster" (Pounds, 1D). If companies are able to successfully plan for the future their leadership may look quite different. Women may play a more active role. And there may be an increase in the number of Co-CEO's, which will diffuse power and reduce one family member's control of the company. A growing number of family businesses are adding outside support. Experts advise bringing in outsiders to the board of directors to add balance and to judge management styles of the next generation. However, it is also important to realize that the new generation of leaders brings not only benefits to their organization but also deficiencies. On the one hand, the benefits include, more knowledge of technology and a greater interest in the international market. On the other hand, the next generation can have a differing work ethic than their parents, lack direction and strategic plan, and lack interest in taking over.

**General Business Trends**

As stated earlier, family businesses are in a precarious situation; they face obstacles unique to their situation. Nevertheless, they also experience issues that affect all corporations. One such issue is downsizing. This word has been a part of our vocabulary for over a decade with no end in sight. Despite a healthy economy, layoffs are a reality in many corporations throughout the United States. According to the outplacement consulting firm of Challenger, Gray & Christmas, Inc. 410, 208 jobs were cut in 1996, that is 20% above the previous year (Koretz, 36). For many the American dream is vanishing, for at least one in ten adults in the United States (19 million) the dream of a secure job and a yearly raise to make mortgage payments on a home is disappearing (America, 3). Many companies are cutting the
work force to the bare minimum. "Driven by technological change, fierce competition not only here but abroad, the ease of contracting out work, and pressure from the profit obsessed investors" (America, 3) has caused this surge of downsizing. The most often affected group is middle management. "For the first time since the Great Depression, the well educated, middle-managing, mostly white middle class is now experiencing the chronic job insecurity long familiar to the unskilled poor..."(America, 3). The American Management Association (AMA) found that 17% of employees who had lost their jobs because of downsizing since 1990 were middle managers—even though middle managers make up no more than 8% of America’s job force (The Economist, 51). This reduction of middle management has a great impact on the structure of the company. Often the middle manager is the link between the shop-floor workers with the line managers, and the line managers with the senior executives. If the middle manager is not replaced or a new structure is not implemented as a substitute the gap between the workers and senior management will widen.

As a byproduct of reducing the number of middle management personnel in their organizations, many companies are trying new approaches to organizing. The traditional bureaucratic hierarchy is being replaced with more flexible unconventional approaches. Bureaucracy is defined as, "a structure with highly routine operating tasks, achieved through specialization, very formalized rules and regulations, tasks that are grouped into functional departments, centralized authority, narrow spans of control, and decision making that follows the chain of command" (Robbins, 489). Bureaucracy as an approach to organizing achieved peak popularity in the 1950’s and early 1960’s. At that time almost all the major corporations in the world such as: IBM, GE, Volkswagen, Matsushita, and Royal Dutch Shell were organized as bureaucracies (Robins, 490). Currently, many consider the traditional bureaucratic form out of style. There has been a shift to a more decentralized authority system and increased use of
multi-functional departments. However, most major organizations still have basic bureaucratic characteristics (Robbins, 490).

One new organizational approach is the boundaryless organization. This term was coined by General Electric chairman, Jack Welch. This term refers to “an organization that seeks to eliminate the chain of command, have limitless spans of control, and replace departments with empowered teams” (Robbins, 495). His goal was to eliminate both horizontal and vertical boundaries within the organization. Other companies besides GE have begun to create boundaryless organizations including Hewlett-Packard, AT&T, and Motorola (Robbins, 495). The removal of vertical boundaries flattens the hierarchy, therefore the importance of status and rank among personnel are reduced. “Cross-hierarchical teams (which include top executives, middle managers, supervisors, and operative employees), participative decision making practices, and the use of 360-degree performance appraisals...” are all examples of what boundaryless organizations strive to achieve (Robbins, 495). The development and implementation of cross functional teams reduce horizontal boundaries. “Another way management can cut through horizontal barriers is to use lateral transfers and rotate people into and out of different functional areas” (Robbins, 496).

Another new design option is team structure. “Self managed teams, in which workers operate largely without bosses, have become the rage of the 1990’s” (LaBarre, 25). Robbins defines team structure as, “the use of teams as the central device to coordinate activities” (493). Team structure is characterized by broken down departmental barriers and decentralized decision making to the level of the work team (LaBarre, 26). The use of entirely team structures in not uncommon in small organizations, but in larger companies team structures usually complement a traditional bureaucracy. “This allows, the organization to achieve efficiency of
bureaucracy's standardization, while gaining the flexibility that teams provide" (Robbins, 493).

A key concept to the success of these new structural approaches is employee empowerment. Empowerment is "delegation of authority" (Juhl, 103). Downsizing, the need for employees with higher skill levels, continuous training, the implementation of total quality management programs, and the introduction of self managed teams, are all factors that have influenced corporations to have a more empowering view of leadership (Robbins, 381). As the leadership within organizations becomes less centralized employees must be willing to take charge and responsibility for their actions. In today's workplace, managers are taking a more participative approach. "You'll find managers being called coaches, advisors, sponsors or facilitators" (Robbins, 16). In addition, Robbins writes, "Decision making is being pushed down to the operating level, where workers are being given the freedom to make choices about schedules, procedures, and solve work-related problems" (Robbins, 16). Empowerment is crucial to success for companies because the cycle time of decision making is very important in in many business relations (Juhl, 103). In the past two decades, managers have made great strides towards giving employees full control of their work. The increased responsibility "is expected to increase employee loyalty, because employee pride and self respect is increasing" (Juhl, 103). This shift has left many managers learning how to give up control. "Empowered middle managers are responsible for interpreting the organization's vision and mission, establishing the goals of the operation, determining measurable objectives and taking the actions necessary to accomplish these objectives" (Juhl, 105). Empowerment has many implications for leadership. "The empowering leader's role is to show trust, provide vision, remove performance-blocking barriers and offer encouragement, motivate, and coach employees" (Robbins, 381).
The legitimate business is experiencing organizational changes that will not only effect the structure of the company, but also the leadership process. The legitimate family business not only has to deal with the organizational changes, but also the succession issues which are paramount to its success into the next generation. The next five years is critical to the legitimate family business, and will gage a company's staying power.

Methodology

In order to provide a foundation that would allow me to compare and contrast the Italian-American Mafia and legitimate family run businesses. I have studied and reviewed numerous literary sources related to each kind of organization and conducted interviews with experts in the field of criminal justice. I interviewed Dr. Jay S. Albanese, professor and chair of the Department of Criminal Justice at Virginia Commonwealth University. He is a former professor and Director of the Graduate Program in Criminal Justice Administration at Niagara University. He holds a B.A. degree from Niagara University, and M.A. and Ph.D. degrees from the School of Criminal Justice at Rutgers University. He has authored and edited books concerning organized crime. I also interviewed Dr. Patrick Ryan, who is a professor of Criminal Justice at Long Island University whose expertise is in the Italian-American Mafia.

I analyzed the present day Italian-American Mafia in reference to the trends that have occurred within the legitimate family business such as: succession issues, women within the business, disinterest from the next generation, and the importance of an articulated strategic plan. I also considered the general corporate issues: downsizing, organizational structure, and the empowered employee in reference to the Italian-American Mafia.

Trends within the Mafia

Many changes in the Italian-American Mafia leadership structure have
occurred within the past five years. As mentioned earlier, due to a number of criminal convictions and deaths of Mafia bosses, the leadership within the Mafia has been altered. Within the Mafia there is a code of behavior by which succession and demotions are to occur. "Members are to be promoted in rank- soldier to capo to underboss etc.- to fill vacancies created by death, illness, and retirement. The rank of a member who is in prison, however, is kept by him, though his job might be performed by a substitute until paroled" (Ianni, 138). However, succession within the Mafia is wrought with problems and emotional issues. Succession into the position of family boss is rarely an easy transaction. "No one can predict the line of succession in Mafia families, since orderly transitions are the exception, murder and usurpation the rule" (O'Brien and Kurins, 47). Succession within a family is unknown and rarely discussed openly. Only after the current boss resigns or dies will a predecessor be chosen. The lack of "up front" information and uncertainty of who will take over leaves the members to justify their appointment to the new position through violence. If one member has a coalition to support his bid to become boss, but another member also has a coalition backing his promotion to the same position, bloodshed often occurs. It becomes a power struggle between who can muster enough support within his family.

Another key issue currently facing the Mafia is the role of women in the organization. Typically, women were seen as having no knowledge of either the husbands' business or the husbands' numerous infidelities. Women who marry within the Mafia were expected to have two qualities: loyalty and silence (Gage, 103). Throughout much of the Mafia literature authors emphasize that women had no place in the Mafia's traditional patriarchal system. Ianni states, "women have no place in it [the Mafia] except as wives and mothers and as linkage points to ally the lineages" (84). Traditionally, the Mafia was structured so that its members married inside the Mafia to daughters or sisters of fellow Mob members. Women were no more than an
additional tie, cementing the husband’s commitment to the Mafia. The Mob has protected its kinship lines at a high cost. The inbreeding side effects have been: heart disease, mental illness, and a high incidence of low IQs (O’Brien and Kurins, 47).

Nicholas Gage has an entire chapter in his book entitled, "The Mafia Is Full of Male Chauvinists". He writes “The Mafia is the last place a woman is likely to achieve equal footing with a man...” (Gage, 98). Another facet of a Mafia wife is living in the shadow of the Mafia mistress. “The modern Mafia leader finds a good looking mistress-preferably several- as important an accessory as a diamond pinky ring or a Miami Beach suntan” (Gage, 101). According to a biography of former Bonanno family boss, Bill Bonanno, “While infidelity was no more uncommon in the underworld than anywhere else, a great effort was always taken to protect a wife from embarrassment...” (Telese, 83). The husband could not risk insulting the wife’s higher up father, uncle, or brother.

According to Gage, the woman in the Mafia who is most deserving of pity is the Mafia daughter (102). She had no choice in her way of life and has only a small chance of escaping it. In addition, her love life is of great importance to everyone in her father’s Mafia family (Gage, 102). Often her future husband is prearranged for her by her father in hopes of manipulating an alliance.

Recently, though, women are emerging as a more powerful entity within the Italian-American Mafia. In the book, Contemporary Issues in Organized Crime, there is a chapter dedicated to the Mafia women- “Mafia Women in Nonfiction: What Primary and Secondary Sources Reveal”. This chapter examines the common misconceptions surrounding women within this organization. The traditional view of the Mafia women as a subservient and submissive abounds in literature. “Indeed the attributes of Mafia women ... are restricted generally to childbearing, marital loyalty, patience, quiet submission, and virtuosity” (Calder, 111). However, he goes on to write that recently
there has been a shift to "enrich the lives of Mafia women" (Calder, 111). Although men are still the dominant leaders and decision makers, there is more self determination on the part of Mafia women.

Recently, gangster Nicky Scarfo's sister, Nancy Scarfo Leonetti, was believed to have taken control of her brother's enterprises when he was sentenced to prison. Additionally, later she was tried and convicted of embezzlement (Calder, 115). In addition, many mobsters have formed partnership with their wives. For example, several wives of Chicago Mafiosi were involved in a stolen-auto scam. Mrs. Anna Genovese (of the Genovese crime family) admitted she ran the Italian Lottery, therefore knowing the numbers racket (Calder, 115). Even Joseph Valachi's wife, Mildred, was involved with fronting horses (Calder, 117). The traditional view of the Mafia wife and daughter have changed in recent times allowing them more freedom to work alongside the men within the organization.

Another recent trend is daughters marrying outside the Mafia. There are a few reasons for this shift. First, is the increased likelihood of travel, and meeting people outside of your "family". Also many Mafia daughters are sent away to college, thereby increasing the chances of marrying someone not involved within the organization (Gage, 103). The probable reason for lack of resistance among the bosses to this trend may be related to the genetic problems/defects caused by inbreeding within Mafia families.

The role of women is changing for a number of reasons. First, both the new young leaders and their wives are more socialized to modern American society where equality exists, as opposed to traditional Sicily. In addition, many men are marrying women who were not raised in the Mafia lifestyle and therefore unaware of the subservient role women played for decades. Also with the decrease in full fledged members, leaders might look to Mafia women to play a larger role within the secret
organization because of their extensive knowledge about the operations.

There is also another issue related to succession within the Mafia that warrants attention. Specifically, there exists a real lack of interest on the part of the next generation to take over (Albanese interview). When the Italians emigrated they were flooded with numerous barriers to success- language, lack of education, and cultural norms. Most did not feel they could provide for their families adequately without involving themselves with illegal activities (Albanese interview). The children of Mafia leaders were afforded every opportunity to better themselves. The fathers did not want their sons to follow in their footsteps. Rather, they wanted their children to have the education to be able to succeed within the legitimate world. In addition, O'Brien and Kurins state, "Mafia wives had what amounted to a prenuptial agreement guaranteeing their children would be given quality educations and kept away from Mob associations" (O'Brien and Kurins, 97). The socialization into American culture by the children also contributed to their lack of interest in working within their father's organizations. (Albanese interview). For many crime families, the move to complete legitimization by the succeeding generations is almost complete. For example, there is crime family in the Chicago area who are fourth generation immigrants- of the 27 males only 4 are involved in the family business. Their transition to legitimate forms of business is near completion (Ianni, 76).

However, there are those children who are so socialized into the Mafia lifestyle they cannot leave it to become involved in legitimate business. For example, Bill Bonanno, the son of Joseph Bonanno, the boss of the Bonanno family (one of the five New York City families) was afforded every educational opportunity, and he went to private school in Arizona and to college. He chose, though, to follow in his father's footsteps. The new leadership within the Mafia is unlike previous generations. Similar to Bill Bonanno, these sons/leaders are well educated, have traveled, and
most importantly been socialized into American society. "The younger Bonnano was considered something of an eccentric in the underworld, a privileged product of the prep schools and universities...He seemed unimpressed with the roundabout ways and the Old World finesse that are a part of the Mafia tradition..." (Telese, 6).

The new leadership brings with it a new style to the American-Italian Mafia. As mentioned earlier, there is a assumption that the new leadership will increase the use of violence in hopes of avoiding prosecution. The increased violence will be directed towards those Mafia members the bosses feel pose a risk of turning government informant. In addition, there has been a shift into "safer" activities that involve the use of increased technology. This is because these activities are better protected from street level investigations. Albanese suggests that organized crime will play an increased role in credit card and airline counterfeiting, in illicit toxic waste disposal, and Medicare fraud (Albanese, 125).

In addition to technology, organized crime is exploring other avenues. "This sophistication may take the form of greater dealings in financing of criminal activities than in the operation of criminal enterprises" (Albanese, 125). To achieve this goal organized crime must become more involved in legitimate business. Mobsters need the legitimate business to obtain the money to finance and to have the means to launder illegally obtained cash (Albanese, 126). The threat of increased violence, more legitimate activities, and greater sophistication creates a unique situation for leaders within the Italian-American Mafia. These new directions symbolize uncharted water for the Mafia. The new "Americanized" leaders have an unprecedented situation, but lack the general experience and expertise of their forefathers in previous years.

An important aspect of any organization is a well defined strategic plan. The Italian-American Mafia does not have a well known strategic plan. Since this is a
secret organization this not to say they do not have one, but I was not able to find any in my research. What the Mafia does have is a well defined culture and mission. Since its inception the Mafia has had the same ends- which is making money, but through time the means of achieving this goal has changed (Ryan interview). The Mafia relies on numerous rituals and symbols to create a strong sense of culture. According to James Kotter's, *Leading Change*, culture is essential to the survival of the organization. Culture dictates the behavior and action of those who are members of the organization. Culture is a powerful part of any organization, because individuals are selected and indoctrinated so well (Kotter, 151). This is especially true for the Italian- America Mafia. For decades, the bosses carefully selected who became a member of their secret organization. And once you became a member you were one for life, The Mafia was not only your professional life, but also your social life. Every aspect of a member's life was determined by the Mafia rules and regulations, whether spoken or unspoken. Even now with the face of many of the Mafia members changing and the added reliance on associates the importance of culture is still very much a part of the Mafia (Ryan interview).

As mentioned earlier, there is some disagreement among scholars as to the size of the Italian-America Mafia. However most literature suggests that the “families” have experienced a decrease in the number of inducted members. This decrease in membership is the result of several factors. Gage and Albanese argue it is due not only to an increase in government investigations, but also a high number of convictions, therefore, sending a substantial number of members to prison. In addition, the lack of desire by the next generation to take over has caused a decrease in membership. The Mafia bosses rely on non-induced members (associates) to take over for the lack of inducted members. As mentioned earlier, associates change the traditional state of the Mafia, but they also allow for more freedom for the upper level
Within the Mafia there is a strong tradition of a rigid hierarchal structure. The hierarchy is linked by the forces of authority and responsibility. "The behaviors of the men in those positions is said to be governed by roles and procedures which are standard throughout the organization and which implies membership is a 24-hour proposition" (Smith and Alba, 35). Most literature suggests that the clearly defined hierarchical structure associated with the Italian-American Mafia is unparalleled in other ethnic organized crime organizations (Smith and Alba, 35). Further, this degree of structure would only be possible on the basis of "a prior cultural blueprint: the Sicilian Mafia" (Smith and Alba, 33). There are clearly delineated responsibilities for each position—soldier, capo, underboss and boss. Traditional structure is so strong that it extended into the Mafia member's social life. Gage writes, "Any kind of ceremony—wedding, funeral, baptism, - is an occasion for lavish gifts, but a Mafia wife must be very careful not to spend more on a gift than the wife of a man who is ahead of her husband in the pecking order" (Gage, 98). It has also been written that investigators could determine the rank of each "family" member by consulting a list of wedding gifts. While currently the Mafia is not consciously reshaping its structure, a more flexible Mafia is emerging according to some scholars. The change is due to the circumstances mentioned above: succession issues, women within the organization, and a smaller pool of the next generation. However, the Mafia will probably never rid itself of the traditional hierarchical structure. This structure allows many organizational norms and beliefs to be operationalized (Ryan interview).

Some Italian-American Mafia families are experiencing a never before seen situation concerning the leadership structure within the organization. Since John Gotti, head of the New York City Gambino crime family, was arrested there has been a fight for "non-leadership" within the family. The members of the Gambino family saw
the attention that John Gotti received. The government was relentless in their prosecution of Gotti. He was acquitted on numerous occasions before he was convicted (Albanese interview). After he was convicted the members did not want to take over, because they did not want the government scrutiny Gotti received. The boss is a high profile position. Even if the boss tries to keep out of the public eye, he is the ultimate target of the government. Therefore, many members do not want to be in the top position within a crime family (Albanese interview). No one wants to take responsibility and be in the cross hairs of the government. This non-leadership within the Gambino crime family has afforded "middle management", capos, more responsibilities within the organization. By taking over more duties there is less of a chance of identifying the person(s) who is (are) in charge. For example, if a capo was questioned by police about his activities, since he is responsible for the work, he would in theory be unable to point the finger at the higher ups. Middle managers are held accountable for their decisions to a much greater extent now to help the bosses stay out of the public spotlight (Albanese interview).

Even though lower level Mafia members are taking more responsibility they are not "empowered employees" (Ryan interview). The decision making process is still entirely in the hands of the boss and underboss. The lower level members know who is in charge and that there could be dire consequences if they were to question the authority of those in charge. The Mafia is not trying to create a more open organizational structure, rather it is attempting to keep its leaders out of jail and continuing making money (Ryan interview).

Analysis of Findings

After researching leadership trends within both the family owned business and the Italian-American Mafia some obvious parallels are apparent. Common issues of concern to each include: succession issues within the family and general leadership
issues within the work force. Succession issues focus on: who will take over, women within the organization, the disinterest of the next generation, and the importance of a strategic plan. The general leadership concepts within the workplace are: downsizing, corporate structure, and empowerment. While both the family run business and the Mafia are experiencing parallel dilemmas, the root causes of these problems appear quite different.

Issues revolving around the general succession question seem to be similar. The lack of communication between the current leaders and the next in line leaves the next generation in turmoil. The intensity of the emotional issues surrounding succession can cause conflict within both the family-run business and the Mafia. Differences occur in how related conflicts are manifested. In the legitimate family business succession conflicts often lead to intense sibling rivalry and possible fractions within the family. The same situations occur within the Mafia but are also accompanied by violence. The violence that accompanies the feelings of betrayal within the Mafia are a symptom of the socialization into this secret organization. The use of bloodshed during succession is not unusual or frowned upon.

The role women as leaders play within both organizations is becoming more integral. However, the legitimate family business is making greater strides. In legitimate family businesses women will likely become leaders in the next decade. However, women in the Mafia are progressing slower into leadership positions. Mafia daughters are becoming more independent and moving out from under their fathers' wings. In addition, women are becoming more involved with illegal activities. While they are moving forward, there is little doubt it will be a number of decades before a woman becomes a boss of a family within the Mafia. The role of women within the Italian-American Mafia will never be equal to that of men, because of the culture of the organization (Ryan interview). As long as the Mafia remains grounded in tradition and
its ties to Sicily, women will never be equal within the organization. Sicilians strong

ties to a patriarchal society hinders women’s mobility. This is not to say progress

within the Mafia has not been made. However, it will never be as great as those

within legitimate business. The Italian-American Mafia is still behind the times,

concerning women in leadership roles, when compared to the legitimate family

business.

The origins of both legitimate family run business and the Mafia have common

roots. The founders of both felt there was little room for advancement by conventional

methods. By establishing their individual organizations they hoped to offer more

educational and economical opportunities to their children. Founders in both types of

organizations have proven successful in their endeavor. The children of both

legitimate business owners and Mafia have expressed a lack of interest in taking over

for their father’s organization due to increased opportunities. The next generation has

pursued numerous other professional avenues afforded to them by their fathers’
careers.

Both the Mafia and legitimate family businesses would fare better if they

invested in long term strategic plans. Without a strategic plan the successful

succession to the next generation becomes more difficult. A good strategic plan would

also help both organizations make wiser succession decisions. Once a strategic plan

is articulated it is easier to find someone to fit the company, rather than guessing.

Currently, it seems that both legitimate family business and the Italian-American Mafia

have been guessing about successors, rather than relying on a strategic plan.

The Italian-American Mafia does have a strong culture. Organizational

behavior scholars are just now understanding the importance of corporate culture.

This is something the Mafia has had since its beginnings in American society a century

ago. The cohesion in the Mafia is due to its permeating culture. I believe legitimate
business could learn a great deal about the importance of culture from the Italian-American Mafia. As mentioned earlier, most legitimate family owned business fails to exists into the third generation. However, many Mafia families are well into the fifth or even sixth generations. This strong identity is created by a mixture of cultural norms, religion, symbols, and rituals. The Mafia also has not changed its ultimate mission to make money in areas where legitimate business is not. Every Mafia member has a sense of what the organization is and how he is to behave as a part of it. This is what every legitimate business strives to reach. The Mafia is evidence that fostering a distinct culture at an organization’s inception has long term results.

Downsizing has not only affected the legitimate business world but also the the Italian-American Mafia. In both organizations downsizing has caused organizational design changes. Both organizations have reduced their reliance on the traditional hierarchical structure. The reasons for downsizing in each organization are, however, dramatically different. The downsizing of middle management in corporate America was a response to technology, and international, and economic changes in the global market. In contrast, the Mafia’s downsizing was caused by increased government investigations and prosecutions, and lack of leadership interest on the part of succeeding family generations. In addition, the Mafia organizational change has been significantly less dramatic than that of legitimate business (Ryan interview). The Mafia still values central authority and is reluctant to change their traditional structure. The sole reason some design changes have occurred is because the bosses found it to their advantage. For example, less reliance on the higher ups for minor decisions leads to less trouble with the government.

The numerous issues examined in this paper are issues facing legitimate family businesses and appear relevant to the Italian-American Mafia as well. Often ignored in contemporary literature, organized crime is impacted by many of the same trends as
legitimate businesses. However, some of the problems experienced by Italian-American Mafia have roots created by its unique situation. The above analysis suggest parallels between the Italian-American Mafia and legitimate family owned business. A question arises when one analyzes the similarities between the organizations. Do the trends within the Italian-American Mafia simply stem from legitimate business? The business world influences many aspects of society. Is organized crime just another facet influenced by the business world? Or is the Italian-American Mafia a unique organization that creates its own trends? And therefore the parallels between both organizations is a mere coincidence.

Inherent within these trends are changes in the leadership process. Legitimate organizations are now looking to create a mutual relationship between leaders and followers. Previously, leaders were in a position of authority, while the followers were subordinated. The empowered employee and team structure offer the opportunity for leader and follower to experience a more balanced relationship. The followers play a more active role within the company. The leadership process will become more of a delegation of authority. The new leadership process will require maintenance of the new process and development of the team structure. The leadership process is becoming more flexible due to external circumstances: technology, international markets, and economy. Companies realize that leadership cannot be rigid, there must be an ability to quickly respond, not only to the customer, but to society. In the future, the follower will play a more integral within the company, (s)he will be responsible for making relevant and important decisions within the company.

The leadership process within the Italian-American Mafia is more of what leadership scholars would label management. Legitimate business is making strides towards increasing the responsibility of followers within the organization. However, the Mafia relies still on a central authority figure. The leader-follower relationship is
one of respect for the leaders based on intimidation and fear, rather than admiration. The Mafia bosses want the followers to remain at the bottom of the organization. The only exception is when followers take an increased responsibility to protect the leaders. The leaders dictate the followers’ job and expect it to be done quickly and without question.

Although I have been able to establish some similarities and differences between the leadership of Italian-American Mafia and legitimate family owned business, there are limitations to my analysis. Foremost, was the difficulty in conducting research on this topic. Paramount was my inability to collect primary data from leaders and followers in the Mafia. In addition, those familiar with the organization such as FBI agents and police investigators were reluctant to talk to me about their experiences. I contacted the Richmond State Police, but since there is no organized crime in this area they were unable to assist me. I also called the New York City Police Department but I was given the run around and was never able to speak with anyone concerning the issue. I also tried to reach the Richmond branch of the F.B.I., but they never returned my phone call. I assume many would not want to jeopardize an ongoing investigation or be misquoted while representing their respective organizations. In addition, I discovered a lack of primary source literature. There are numerous secondary accounts of the Mafia but many are wrought with inconsistencies. Scholarly research on the subject of organized crime does exist, but not in any great quantity. All these factors were barriers to my project. I was able to overcome some, but not other of these barriers.

Those interested in pursuing research in this area might emphasize talking with more experts on organized crime. I contacted one other expert/professor in the field but was unable to interview him. Also there should be a continued effort to discuss the issues with law enforcement. The idea of talking to a refuted Mafia member is
troublesome for two reasons. One, there exists a safety issue. Second, one can never be sure how accurate his testimony will be. He was/is working for an illegal organization.

The future should bring with it more leadership changes within legitimate family business and these trends should be studied in the Italian Mafia as well. This will work to establish a strong connection of parallels between both organizations. The next five years are critical to the family owned business because of the retirement of over half the CEOs, and in some ways to the Italian American as well. After five years more research should be conducted concerning the transition of new leaders within both organizations. This comparison might reveal important leadership concepts already employed by the Mafia, which could benefit legitimate business. In theory, the Mafia has had more experience with regards to changing leaders and having the next generation take control, and therefore might have strategies helpful to legitimate family business. The Mafia, up to this point, has been successful in the transition where as legitimate family business has failed.

The Italian American Mafia runs on the premise that there are things people want that are not available legally. These vices are provided by organized crime. Even if the Mafia ceased to exist, organized crime will still be present as long as there is a demand. Some leadership scholars might not agree with my research and findings because they believe there can be no leadership without values.

This is a valid argument that I do not disagree with. However, the point of my paper was to examine trends and the leadership process within both organizations. I focused exclusively on the ends rather than the means. What I believe should come from my paper is an understanding that legitimate organizations can learn leadership functions from unethical organizations. Certainly, an ethical corporation can incorporate the "good" aspects of the Italian American Mafia in their company. For
example, the strong culture that ties Mafia members to the organization. In addition, the loyalty and kinship apparent throughout the Mafia. Many legitimate companies strive to create a strong culture and a sense of loyalty. Also during my research I came to the conclusion much of what society considers “legitimate business” has an unethical side as well. It is not just organized crime that launders money. There are numerous examples of Wall Street stockbrokers using insider trading to get ahead. CEOs of companies have been known to appoint board members that will agree with any decision supported by the CEO, without regards for other factors.

My research revealed that much of what is employed by the Italian-American Mafia is traditionally management functions, whereas legitimate business is moving towards leadership. What is undeniable is that legitimate business can learn from the Mafia. The cultivation of culture is critical to the success of legitimate business. The Mafia understood this from its inception and has been conscious of it for over a century. Legitimate business can learn from the Mafia example. By utilizing symbols, rituals, and tradition the Mafia has created an organization where the members feel bonded and accepted. The legitimate company as the opportunity to learn what made the Mafia culture successful and build it into their own organization. A key component to the success of the Mafia’s culture is the members belief in the Mafia’s work and have an intense loyalty for the organization. Legitimate business should strive to hire employees who are in sync with the organization’s mission and believe in it, therefore creating a loyalty not only to the ultimate goal, but to the company as well. A legitimate company can take the good aspects of the Mafia and separate them from the negative.

In conclusion, both the Italian-American Mafia and legitimate family businesses are experiencing similar trends. However, the causes of these trends and the organizations response to these trends are quite different. The Italian-American
Mafia has chosen to remain with its traditional leadership style- authority based. In contrast, legitimate business is working to find innovative solutions that not only change the structure of the company, but also the responsibilities of the employees. Leadership in legitimate business will become less top down and focus on the mutual relationship between leader and follower. The leadership of the Italian-American Mafia will remain in the hands of a chosen few. However, despite these differing styles of leadership, both organizations have been successful. This project has led me to the conclusion that no one leadership process is ‘right’. Rather, a successful leadership process must reflect the goals, mission, and culture within each individual organization.
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