

# Looking for Ethics in All the Wrong Places

## Ethics in Texts on Visioning and Leading Change

Peter Bemski, PhD<sup>a</sup> and Steven Berkshire, EdD<sup>b</sup>

<sup>a</sup> School of Management, Regis University, Denver, CO 80221  
pbemski@regis.edu

<sup>b</sup> Doctor of Health Administration Program, Central Michigan University, Central Michigan University, berks1sd@cmich.edu

### Abstract

This paper discusses recent articles on organizational change and visioning and notes that while ethics as it applies to leadership, organizational change and visioning ought to have a prominent place in the mind of the leader, the literature does not necessarily encourage it. The authors believe that leaders do not so much manage change as they do transform stakeholder perceptions of the organization and the need for change. Ethical relationships are vital to the stakeholder relationship if the leader is to gain commitment to the change. People are interconnected through the organizational culture, therefore ethics plays a major role in how the leader relates to and persuades followers. This paper builds the case for thinking of *organizational* change and leadership around change based on how leaders present ethical perspectives and behaviors; and how that might be translated into visionary action. While the paper does not directly address the role of educators in passing on these values, there is a valuable influence that higher order learning can offer.

### Introduction

Browse through any airport bookstore and one is confronted by the latest books on leadership. Put the term leadership in any search engine and one is overwhelmed with hits. Pick up the paper (or read it onscreen) and one is exposed to more of the same. While leadership is a word that everyone somehow becomes expert at using, we certainly do not agree on its meaning or on how to go about it.

In this paper we add to the dialogue (confusion?) by discussing recent perspectives on organizational leadership, change and visioning and propose that all be seen through a particular lens; that of ethics in organizations. Ethics is often discussed as a subset of leadership. One need only refer to the index in any number of leadership texts to discover the seemingly mandatory inclusion of a chapter addressing the issue. Too often it is addressed as compliance rather than behavior; too often it is separated out from other chapters rather than integrated throughout the text or book. Management and MBA programs at universities now include a course on ethics, which more often than not is again compliance.

So too, when one examines the literature on change, it is often included under the heading of change management or leading change. Ethics, if mentioned, is equated to compliance terms related to legal requirements when organizations change. Such requirements may come from title VII (Civil Rights Act) issues based on discrimination in how people are

treated during the change process, labor law requirements for notification when the change results in downsizing of an organization, or regulations from the Securities and Exchange Commission (SEC).

The authors proceeded by examining articles and texts on these topics, looking for common threads. Our intention is in part to not only emphasize the importance of giving ethics the place of prominence it deserves but to also examine the methodology employed in this paper as an approach to learning, especially as related to change. Just as change sometimes arrives unexpectedly, so do the answers provided through this approach. We do not so much manage change as we do lead change through leadership practices and relationship building. Ethical behaviors on the part of the leader are essential.

### **Change Leadership**

Roseabeth Moss Kanter (1983) one of the first to think about leadership and change noted that "...the tools of change masters are creative and interactive; they have an intellectual, a conceptual, and a cultural aspect. Change masters deal in symbols and visions and shared understandings..." (p.305). Her contention is that a leader must be the "right person" at the "right time" – the people with the vision so when the right time happens, members of the organization can be inspired to reconstruct their reality. This is likely a transformation of sorts since change typically means behaving differently, both people and organizations. The leader must be able to inspire the change if there is to be a commitment to the change and this requires some sort of transformation. Thinking about leadership and change has evolved over time and continues to be analyzed.

An early approach to change theory and practice is that of Kurt Lewin, who proposed three relatively straightforward stages; unfreezing, moving and refreezing (Lewin, 1947), designed to address the fact that change is "frequently short-lived" (Lewin, 1947, p. 344). This approach acknowledges that while short term change is possible, it is not likely to last. The objective of change being more than temporary Lewin argues that it may sometimes be necessary to intentionally introduce provocations which then make it more likely that an organization will accept change. Once the change has been implemented Lewin recommends refreezing at the new level. Based on Lewin then, the leader must be effective in provoking a crisis or in taking advantage of the moment to persuade the followers that change is necessary. In some cases this is evolutionary and incremental while in a few it is possible for the change to be revolutionary or comprehensive. In 2008 several industries around the globe were faced with major crisis brought on by a number of economic failures including the subprime mortgage crisis, followed by the international banking crisis, and the American automotive crisis. Other observers are currently examining whether change will be successful and examining how leaders will frame the crisis and the potential solutions.

The Harvard Business Review text *On Change* (Harvard Business Review, 1998) until recently used often in change management classes begins with an article by John Kotter which takes Lewin's three steps and expands them to eight. Lewin's first and last stages are still apparent, the first is "Establishing a sense of urgency" and the last as is "Institutionalizing New Approaches." (p.7) The middle stage, changing or moving, has been expanded into six steps including: Forming a powerful coalition, creating a vision, communicating the vision,

empowering others to act on the vision, planning for and creating short term wins and consolidating improvements and producing still more change.

Elsewhere in *On Change* (HBR 1998) some of these steps are discussed in greater detail. Collins and Porras (p. 24) tie the creation of vision closely to the core ideology of an organization. They define core ideology as made up first of “core values” (p. 26) which are the “essential and enduring tenets of an organization” (p. 26). The second piece of core ideology is “core purpose (p. 30),” which is “the organization’s reason for being (p. 30).” They are careful to state that this is “not a goal or business strategy” (p.31). Together these make it possible for one to discover core ideology by answering the question: “What core values do we truly and passionately hold?” (p. 36) Only then, they argue, can an organization decide on and pursue goals, a process that they see as ongoing. Again looking at the current world economic crisis, one might ask “what core values do we truly and passionately hold?” And from asking this question, what are the leaders of these institutions demonstrating to the public about the prospect for effective change?

Lynn Isabella (in Hersey, et al, 1996) also addressed Lewin but based the discussion on how managers interpret organizational events. She identified four stages; anticipation, confirmation, culmination, and aftermath. The contention in this argument is that leaders view resistance not as an obstacle, but rather as a mental process that everyone experiences – how one personalizes change. (p. 484)

This somewhat determinist view of change continues in the text as well since known authors visit a variety of related issues. While Jeanie Duck argues that we need to move beyond the mechanistic approach espoused by Frederick Taylor, an approach she describes as “breaking change into small pieces and then managing the pieces” (p.57). She believes that leadership should “Manage the dynamic, not the pieces” (p. 81) and should do so by creating Management Transition Teams, charged with establishing the context for change and for providing guidance, stimulating conversation, providing appropriate resources, coordinating and aligning projects, ensuring congruence of messages, activities, policies, and behaviors, providing opportunities for joint creation (Empowerment), anticipating, identifying, and addressing people problems and, finally, preparing the critical mass. These eight begin taking on a more systemic perspective, but while different from the eight Kotter proposes, they still see change as a process that can be managed.

The text speaks often of the importance of communication and of achieving goals and while these do not always number eight, one often encounters lists of steps or opportunities or stages that have to do with implementing change.

Not unlike Duck’s approach is that of reengineering as presented by Mike Hamer and James Champy (Champy, 1993) who argue that the focus should be not on departments, but on fundamental business processes. They also emphasize their belief that sellers no longer have the upper hand; customers do. Efficiency and the ability of one person to do many jobs are emphasized. Not unlike Eliyahu Goldratt in *The Goal* (2004) or Collins and Porras (in HRB 1998) above, they ask that organizations figure out the fundamentals of who they are, in this case taking nothing for granted and making no assumptions. That and a radical, dramatic approach leads to processes, defined as what might be considered a more systemic focus rather than incremental and discrete. Reengineering has become shorthand for both change and change

associated lay-offs. If this is so, then it brings into question how leaders practice ethically behaviors in such situations. One must also ask the purpose of the change in an honest and forthright manner.

Strategy is yet another term used in association with change. Hamer and Prahalad (1994) argue that “the very notion of Strategy - with a capital “S” – has been devalued” (p. 308) and that it does not so much need to be devalued as it needs to be reinvented. They argue that strategy has too often been based on the wrong questions and the wrong perspectives. Many of the terms used are called into question and they encourage organizations instead to see it as asking questions that do not have to do with profit and loss, but with the future. Their approach leads to, among other things, “industry redefinition rather than process reengineering” (p. 325).

Texts on organizational development, leadership and innovation often include at least a section on change and the field itself may be in danger of becoming a footnote to one of these. The field of transformational leadership has often been interpreted to mean leadership that enables change.

Christiane Demers (Demers, 2007) acknowledges the breadth of the field of change theory and states that “in less than 15 years it...moved from a peripheral topic of research to a major field of inquiry...” (p. ix). Her approach is not that of prescription but that of a review of the academic side of the field as opposed to those who claim a practitioner’s perspective. As the growth she describes has taken place, it has resulted in a variety of approaches to the field. Demers’ book reviews the primary theories in the field and presents them in historical context, dividing the history into the areas of adaptation or selection, transformation or evolution and natural evolution or social dynamics. The questions she introduces each section with are informative:

1. Do organizations really change? (adaptation or selection)
2. Is transformation always revolutionary? (transformation or evolution)
3. How do organizations renew themselves? (evolution and natural evolution or social dynamics)

These are discussed through the use of an extensive reference list and result in a thorough review of organizational change theory. While we have seen many others pose questions, they more often than not have to do with the ability of the organization itself to manage change rather than change theory as such. In the first epoch she examines Demers finds “an assumption of change and stability, making of change a normal, generally positive and expansive process (p. 42).” She concludes the second section by saying: “after being subordinated to the concept of adaptation, the concept of change becomes the focus of attention” (p. 114). The third section ends with her questioning the relevance of the entire field of change and concludes with her reporting that some see change “increasingly portrayed as an indeterminate process where agents are either powerless to act or reduced to gambling...” (p.234).

Warren Bennis (1993) suggests that there are ten ways a leader might avoid disaster in thinking about change. While some of these might be thought of as managing change, when examined more closely it is apparent Bennis is speaking about the development of relationships

to effect change. He uses terms such as “scrupulous honesty,” building support, planning and involvement, appreciation, and not settling for “rhetorical change.”

The titles of many of the articles and books in this field published since the end of the twentieth century often have to do with managing change or strategic planning. No going back: A review of the literature on sustaining organizational change starts with Lewin and works forward, in fact one runs across Lewin as well as Kotter, Jim Collins and Prahalad with alarming regularity. These authors seemingly ignore their own advice and continue to build on the theories that made them well-known in the first place and while new books such as *Blue Ocean Strategy* (Chan 2005) do promise an entirely new approach to organizational reinvention one cannot help but wonder if change is somewhat less predictable or prescriptive than the plethora of how-to recommendations would have it. Globalization, technology and the ever increasing speed at which the competition seems to move all will play a role in change going forward.

After this relatively brief review of change theory and reading the late 2008 and early 2009 newspapers one wonders if Lincoln’s quote might not always be appropriate: “The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew and act anew.” As does Steven Kerr’s “The future is coming so fast, we can't possibly predict it; we can only learn to respond quickly.” However, one might ask if there are any ethical considerations that need to be taken into account throughout these responses. If so, they are somehow overlooked in these texts.

### **Vision and Change**

The term “vision” is often used when describing organizational planning and change processes. The assumption is that the “leader” will state his or her vision and that everyone in the organization will then move toward that vision in establishing goals and strategies.

If we are to think differently about change we also must think differently about vision, values and ethics. Gary Hamel (2000) contends that “visionaries don’t stay visionaries forever” (p.21). As Kanter (1983) noted, there must be the right leader, at the right place, and at the right time. The hazard as noted by Hamel (2000) is that followers become dependent on the leader’s vision and in the process lose their own ability to envision new opportunities (p.21). It does appear that organizations seek visionaries to lead change, hence the environment encourages the leader to influence others through what Sims and Lorenzi (1992) called “self-schema” where the leader’s vision is adopted by followers who see it as consistent with the overall vision (p. 293f). For change to happen there must be buy-in.

Sims and Lorenzi (1993) view vision “...as a sort of superordinate goal” that represents the broader shared goals of the followers, hence “visions can be inspiring because (they) energize employees around some value system” (p. 118). They conclude that such leader’s value change and do not see change as a threat. That confidence is communicated to the organizational members.

Peter Senge (1990) in his book, *Fifth Discipline*, speaks to the leader listening carefully. By doing so the leader’s vision becomes a part of the larger community’s vision. The leader obviously influences and shapes that broader vision, but it is importance to gain commitment and

not simply compliance with the vision and change. The leader in essence becomes the “steward” of the vision and that “shifts a leader’s relationship toward her or his personal vision. It ceases to be a possession, as in ‘this is *my* vision,’ and becomes calling” (p. 352). As Senge notes “...people don’t resist change. They resist being changed” (p. 155).

One other view of visioning is expressed by Susan Bethanis (in Chawla & Renesch, 1995). She comments “how we envision an organization in *language* is likely how we move in it! How people act in a *machine* – a mechanistic entity made up of many components – is vastly different from how people act in an organization thought of as a *culture*. A *culture* emphasizes the interconnectedness of people. ... People are the organization, not a mere part of it” (p. 187).

### **Ethics and Leading Change**

The discussion on change and vision in this paper suggests that ethics plays a significant role in gaining commitment to change (Bennis, 1993) and not simply compliance or even enrollment in the change.

Burns (2003) notes that there are three types of standards when one speaks of ethics in transforming behaviors – “...virtue of old fashioned norms of conduct, ethics which reflect modes of more formal and transactional conduct (integrity), and values (the concept of justice)” (p.28). One might think of this as relationship building and how the leader gains trust. Thomas Maak (2007) notes that “...responsible leadership in business needs *leadership ethics*” (p. 330). Maak builds his argument based on his research into stakeholder relationships – that it is vital in leading change to develop trusting and viable relationships with the stakeholders to any change. Maak quotes (Ciulla, 1998, in Maak, 2007) “...ethics is at ‘the heart of leadership’” (p.331).

Maak (2007) argues that leaders need to not only build social capital with stakeholders, they must rely on it. He defines social capital in this context as “...social structures and resources which are inherent to more or less institutionalized relationships of mutual recognition, both internal and external to the organization, which allow facilitating mutually beneficial, responsible action” (p. 333). This requires that leaders who desire meaningful change to build trusting relationships with the stakeholders. Maak states “...the leader is central in enabling stakeholder social capital to further the common good” (p. 334).

Joel and Michele Levey (in Chawla & Renesch, 1995) note that “...every human being has a deep yearning for a quality life” and “in an increasingly interconnected world, doing quality work requires building and maintaining quality working relationships” (p. 261). And to repeat Bethanis (in Chawla & Renesch, 1995), “A *culture* emphasizes the interconnectedness of people” (p. 187).

Senge (1990) speaks to the problem of “compliance” being confused with “enrollment” and “commitment” when it comes to leader influence on ethics and ethical behavior. He contends that most people think in terms of compliance simply because it has been the way people and organizations have thought about ethics. Sarbanes-Oxley, the legislation passed after the Enron adventure, is just one example of defining ethics as compliance. Or as Senge comments “... we don’t know how to recognize commitment” (p. 219). Enrollment means that followers sign-on to the leader’s vision and values, but there is no real commitment – “ok, I will

do it because it is the right thing to do”, which is better than complying because “I have to in order to avoid punishment.” But what ethical leaders need to accomplish is to persuade the stakeholders to commit to the change because it is not only the right thing to do, but because he or she believes in the change. This is accomplished through developing trusting relationships (Maak, 2007; Bennis, 1993, Bethanis, 1995, Burns, 2003, and Sims & Lorenzi, 1992). One might again look at the current economic crisis and wonder whether there are trusting relationships built between the leaders and followers, or if we look at the organizations that appear to have avoided the impact of the recession, was it this relationship between leaders and stakeholders that has assured effective survival where others have failed.

Maak (2007) brings together Burns and Balkundi and Kilduff to essentially restate the value of ethics in leadership for change, ... “responsible leadership, as ‘transforming leadership’ (Burns 1978), depends on the mutual pursuit of business leaders and stakeholders alike to achieve higher-level goals based on a shared vision of the role of business in society. Due to the centrality of leaders in the network of stakeholder relations they are key to both the pursuit of responsible change and the enabling of stakeholder social capital. Responsible leaders create stable relationships with trusted partners, over time these ties accumulate into a mutually beneficial network (Balkundi and Kilduff, 2005) and ultimately generate stakeholder social capital” (p. 340).

### **Role of Educators**

Traditionally change is taught as a role of management – how one manages the change processes. This paper suggests that the paradigm ought to change so that ethical behaviors on the part of the leader in implementing change are seriously considered in effecting change. There is a valuable influence that higher order learning can offer. The Leveys (in Chawla & Renesch, 1995) contend that “higher order learning equips an individual or organization to produce enduring and sustained benefits that are widely shared, rather than a narrow, short-lived radius of impact that breeds more complications and problems for the next shift or for generations to come” (p.261). Educators have a unique place in which to convey the importance of ensuring ethical visionary leadership, building stakeholder relationships based on trust, and transforming organizations for the better - the “common good.” Higher learning institutions in the curriculum development process ought to revise how change is taught and communicated so that instead of viewing change as a management function, one in which change can be managed, to a curriculum where the leader’s role in guiding change is explored. One might consider a curriculum that integrates change processes, transformational concepts of leader roles, stakeholder relations, and ethics so that it is clear that change involves the establishment of not just the need for a new path, but also the establishment of trust and an effective leader-follower relationship. As noted earlier in the paper, ethical behaviors during the change are important in building trust relationships that result in commitment to the change. At some universities this may be a simple matter of revising the title and description of the course on change, while in other institutions the including of leading ethical change might be integrated in several courses, including those on change, organizational culture, leadership, organization behavior, quality improvement and operations management. Hence, the educator has a unique place in assisting students in understanding the concepts, theories and practice of leading ethical change. This may be even more important as organizations become “green” and take on the mantle of social responsibility in leading sustainable entities in the 21<sup>st</sup> century.

## Conclusions

This paper builds the case for thinking of organizational change and leadership around change based on how leaders present ethical perspectives and behaviors; and how that might be translated into visionary action. An examination of articles and books on these topics found ethics often present as an afterthought or add-on rather than as an integral part of the process. Until the texts we use change we may be sending a message that an ethical perspective is not a necessary part of organizational processes.

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