

Ethics, Virtuousness, and Constant Change

Kim Cameron

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It's not news that we live in a dynamic, turbulent, even chaotic world. Almost no one would try to predict with any degree of certainty what the world will be like in 10 years. Things change too fast. We know that the technology currently exists, for example, to put the equivalent of a full-size computer in a wristwatch, or inject the equivalent of a laptop computer into the bloodstream. New computers will probably be etched on molecules instead of silicon wafers. The mapping of the human genome is probably the greatest source for change, for not only can we now change a banana into an agent to inoculate people against malaria, but new organ development and physiological regulation promises to dramatically alter population life styles. Who can predict the changes that will result? Thus, not only is change currently ubiquitous and constant, but almost everyone predicts that it will escalate exponentially.

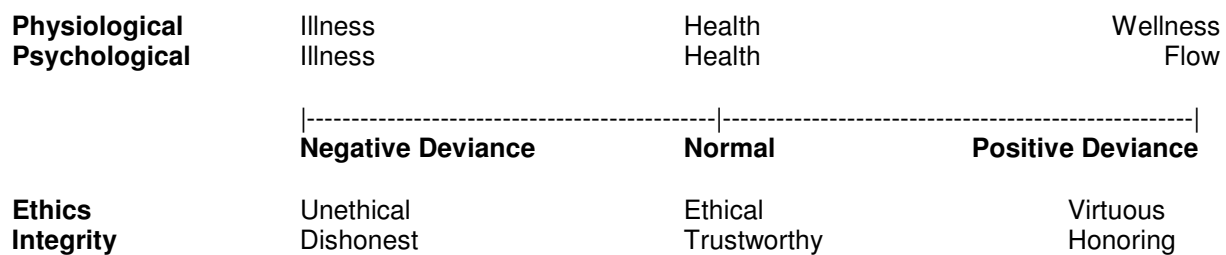
The trouble is, when everything is changing, it is impossible to manage change. Let me explain. Let's say you're flying an airplane, moving through space. Everything is changing. You're constantly moving. The trouble is, it is impossible to guide the plane unless you can find a fixed point, something that doesn't change. You cannot control the plane if everything is moving. Consider the last flight of John Kennedy, Jr., for example, who began to fly at dusk up the New England coast. He lost sight of land and, because it got dark, of the horizon line as well. He lost his fixed point. The result was disorientation, and he flew his plane into the ocean, probably without knowing he was headed towards water. He couldn't manage change without a stable referent—something that didn't change.

When nothing is stable—i.e., an absence of fixed points, dependable principles, or stable benchmarks—people tend to make up their own rules. They make sense of the ambiguity and chaos they experience by deciding for themselves what is real and what is appropriate. Recently, it has become clear that in high pressure, high velocity environments, some people in the energy-trading, telecommunications, and accounting industries simply made up their own rules. They ended up cheating, or lying, or waffling not only because it was to their economic advantage, but because they had created their own rationale for what was acceptable. They operated in high velocity environments where rules and conditions changed constantly. Constantly changing conditions illustrate why ethics, values, and principles are more important now than ever. They serve as fixed points. They determine what is right and wrong, appropriate and inappropriate, on a universal basis, every time.

Integrity simply means maintaining unfailing values and principles, following through, doing what you say, being consistent, reinforcing a fixed point. And, the effects of

integrity are obvious. Integrity allows people to trust in something, and to make sense of the situation even in ambiguous, turbulent, chaotic environments. It provides the basis upon which everything from the stock market to family relationships can continue to function successfully. Integrity makes management possible under conditions of change.

There is, however, something else that is crucial for success in human relationships and in organizations during turbulent times. Integrity—living consistent ethical principles—represents only one of two conditions that must be present. Let me explain the second condition by using a continuum with three points—one anchoring the left end, one in the middle, and one anchoring the right end.



Think first of the human body. The large majority of medical research, and almost all of a physician’s time, is spent trying to get people from the left point on the continuum (illness) to the middle (health). This middle point represents an absence of illness or injury. Very little is known about how to get people from the middle point to a state of wellness on the right. Psychologically the same thing occurs. More than 95 percent of psychological research in the last 50 years has focused on closing the gap between the left point and the middle point—overcoming depression, anxiety, stress, or emotional difficulties. Little is known about how to get people from a condition of health to a state of flourishing, vitality, or what’s referred to as “flow” in psychology. Most of what we know about human physiology and psychology is how to overcome weakness or illness and reach a state of normality.

Now look at ethics and integrity on the continuum. Unethical behavior is that which produces harm. It violates principles. It does damage. We spend a lot of time—in our writing about ethics, in our legislation, in the popular press—addressing unethical behavior. The large majority of our attention is spent reminding leaders and organizations to behave ethically, honestly, with integrity. That usually means an absence of harm—behaving consistently, being trustworthy, not damaging others or the system. Hardly any attention is given, however, to the right side of the continuum. I refer to that side as representing virtuousness. It is not only a condition of not producing harm, but it is a condition of doing good, honoring others, taking a positive stance, or behaving in ways where self-interest is not the driving motivation.

Unfortunately, words such as virtuousness and honor are often relegated to Sunday School, philosophy, or right wing fanaticism. Their relevance in the world of work is viewed with skepticism or disdain. Managers frequently say: “These concepts are

simply not relevant to me and to my company. We're in a competitive battleground. Virtuousness may be fine as a discussion topic at church or at a late-night coffee bar, but it's too soft and fuzzy to be relevant to the world of stock price pressures, competitive positioning, and customer complaints."

On the other hand, here comes the crucial point. We have recently begun a series of studies in which we measured the virtuousness of various kinds of organizations, mainly business organizations. We measured virtues such as compassion, integrity, forgiveness, trust, and optimism—factors usually included on lists of universally valued virtues. We discovered that organizations with high scores on virtuousness significantly outperform organizations with low scores on virtuousness. We measured performance using factors such as profitability, productivity, innovation, quality customer retention, and employee loyalty. Virtuous firms made more money than less virtuous firms. Virtuous firms recovered from downsizing and retained customers and employees more than nonvirtuous firms. Virtuous firms were more creative and innovative than nonvirtuous firms. The implication is straightforward: not only must individuals and organizations avoid doing harm—that is, they must behave ethically—but they must also act virtuously. Virtuousness is associated with positive outcomes, not just the absence of negative outcomes. It produces positive energy in systems, enables growth and vitality in people, and enhances the probability of extraordinarily positive performance. Virtuousness pays dividends. Doing good helps organizations do well. In conditions of turbulent change, virtuousness also serves both as a fixed point, a benchmark for making sense of ambiguity, and as a source of resilience, protecting the system against harm. (See the author for details regarding these empirical studies.)

The reason virtuousness has this kind of impact is because of two attributes: virtuousness produces an *amplifying* effect, and virtuousness produces a *buffering* effect. By amplifying I mean that virtuousness is self-perpetuating. When people are exposed to virtuous acts, they are attracted to them. They are elevated by them. They tend to reproduce them. When we observe virtuousness, we are inspired by it. This is similar to something called the heliotropic effect. If you put a plant in the window, over time it will lean toward the light. All living systems—including human physiological, psychological, emotional, intellectual systems—are subject to the same phenomenon. They have a tendency towards the positive and away from the negative. Virtuousness has that same attractive quality, and it tends to produce self-perpetuating positive effects.

Recent research has found, for example, that individuals who are full of gratitude tend to become healthier than those who feel victimized. The same goes for people whose lives are characterized by forgiveness, compassion, integrity, and other virtues. They are healthier, physiologically and emotionally. For example, if you give people a flu shot and measure the number of antibodies in their systems 24 hours later, the virtuous people will have more antibodies—they are healthier—than the others. People who are optimistic and positive actually heal faster and more completely from illness and injuries than others. People demonstrating more virtuousness learn faster, remember longer,

and do better in mental functioning tests than others. Human systems tend to respond positively to virtuousness and goodness.

Just as these dynamics occur in individuals, similar dynamics also occur in organizations. Organizational performance tends to improve when virtuousness is fostered and nurtured. When people see others behaving humanely, they tend to behave humanely as well. Integrity, compassion, and trust, for example, create an environment where people are encouraged to be their best, where innovativeness, loyalty, and quality are likely to be higher. That's the virtuous cycle. The amplifying nature of virtuousness causes it to reproduce itself and to improve organizational performance over time.

The second reason virtuousness has this effect is its buffering attribute. That is, virtuousness helps inoculate the organization against harm in the face of trauma. It is now well-established, for example, that downsizing leads to deteriorating performance in most organizations. This occurs, at least partly, because people are hurt or offended, relationships are destroyed, trust is battered, psychological contracts are broken, organizational memory is lost, secrecy escalates, and the threat-rigidity response occurs (threatened people and threatened organizations become rigid). These findings have been confirmed over and over again. We found in our research, however, that virtuous organizations do not suffer the same debilitating and deteriorating effects of downsizing. Plus, they bounce back quicker from any downturns. Less virtuous organizations do not.

This is similar to what happens with individuals. Virtuous people who get cancer, become quadriplegics, or suffer life-altering harm, tend to be more resilient than others. They bounce back sooner and experience more happiness and more fulfillment in their lives than others. Life satisfaction scores measured before and after people become quadriplegics, for example, show this tendency. If people were optimistic, happy, and grateful before the loss of their limbs, they tend to be the same after. They bounce back sooner and relatively quickly reach the same point where they were before. If they were depressed and sad, victimized, and vindictive before, they tend to be the same afterwards. The trauma of the event doesn't cause life to change so much as the attributes the individual developed beforehand.

It shouldn't come as a surprise, therefore, that the hallmark of great leaders in the 21st century—a century characterized above all by change and turbulence—is that they demonstrate not only ethical behavior—the absence of harm—but they also demonstrate virtuousness—producing goodness. Ethics and virtues serve as fixed points in a sea of confusion. They enable self-reinforcing positive outcomes to occur, and they buffer individuals and organizations from the verities of a world in which harm, damage, violations of principles, selfishness, and greed are likely to be ubiquitous.