

COMPLEXITY SCIENCES AND BUSINESS ETHICS: A DIFFERENT PERSPECTIVE

Göran Svensson

Oslo School of Management, Norway

Email: goran.svensson@hh.se

and

Greg Wood*

Deakin University, Australia

Email: greg.wood@deakin.edu.au

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ABSTRACT

This paper strives to shed some light on organizations' behaviours and practices of business ethics in the marketplace and the surrounding society by the aid of complexity sciences. For this purpose, a conceptual discussion will be based upon the causal frameworks of teleology introduced by Stacey, Griffin and Shaw (2000).

Keywords: business ethics, teleology, transformative, rationalist, transformative.

INTRODUCTION

In the last few decades there has been an increasing amount of research focusing on the business ethics of organizations (e.g. codes of ethics). Research on codes of business ethics alone has been performed in the USA (e.g. Cressey and Moore 1983; Mathews 1987; Weaver, Trevino and Cochran 1999; Berenbeim 2000; Chonko, Wotruba and Loe 2003) in the UK (e.g. and Langlois and Schlegelmilch 1990, Le Jeune and Webley 1998) in Ireland (O'Dwyer and Madden 2006) in Canada (LeFebvre and Singh 1992; Schwartz 2002; Singh 2006,) in Sweden (Svensson et al. 2006) in Australia (Kaye 1992; Farrell and Cobbin 1996; Wood 2000; Wood and Callaghan 2003). Research has also been conducted on organizations operating across the world (Bethoux, Didry and Mias 2007; Carasco and Singh 2003; Kaptein 2004).

Business ethics, or rather organizations' directions, decisions and guidelines to support managers' and employees' behaviours and practices of business ethics, in the marketplace and the surrounding society is an ongoing timely subject of crucial importance from both managerial and scholarly perspectives. Organizations such as Enron, WorldCom, Tyco International, Arthur Andersen, Qwest, Global Crossing, Parmalat, Barings Bank, Systembolaget and Skandia (Carroll and Meeks 1999; Davies 2001; Flanagan 2003; Heath and Norman 2004; Rosthorn 2000; Wallace 2004) have all come to the notice of their publics for the wrong reasons. Across the world, we have seen these organizations, their advisors and even a spouse face courts and the wrath of their societies: societies which have been made worse off by their unscrupulous behaviours and practices of business ethics. These behaviours and practices shake the confidence of governments, shareholders and as a consequence we all bear the brunt of such miscreant and bullish behaviour and practices (Wood and Callaghan 2003).

The occurrence of malpractice in organizations' behaviours and practices of business ethics are however not new (Richardson 2001; Warren and Tweedale 2002; Piety 2004). Cragg (2000) has labelled the 1980s as the decade of greed in North America. Cadbury (1987) writes that organizations have to take account of their responsibilities to society and the society has to accept its responsibilities for setting the standards against which the behaviours of organizations and the practices of business ethics are made through their directions outlined, decisions taken and guidelines provided to managers and employees.

Generally speaking, unethical behaviours and practices may be the outcome of conscious actions, but they may also be subconscious. We will discuss reasons for both possibilities of unethical behaviours and practices by organizations, their managers and employees. It is derived from, limited to and based upon 'teleological approaches' as defined by Stacey, Griffin and Shaw, 2000 to describe and explain the phenomenon of human actions in organizations, which will be positioned and introduced in the context of business ethics.

In other words, we intend to shed some light on organizations' behaviours and practices of business ethics in the marketplace and the surrounding society by the aid of complexity sciences. For this purpose, the discussion will be based upon the causal frameworks of teleology introduced by Stacey, Griffin and Shaw (2000). We also introduce a set of adapted models to complement their causal frameworks, which are believed collectively, to provide a seed and highlight the core essence of organizations' behaviours and practices of business ethics in the marketplace and the surrounding society from the perspective of complexity sciences and inherent 'teleological' approaches as defined by Stacey et al (2000).

COMPLEXITY SCIENCES AND TELEOLOGICAL APPROACHES

We will use the causal frameworks of teleological approaches by Stacey, Griffin and Shaw (2000) as a basis in our discussion of organizations' behaviours and practices of business ethics across contexts and over time. They are based upon the teleological ideal, where teleology means (ibid., p 14): 1) the kind of movement into the future that is assumed to be either toward a known or an unknown state or condition

(i.e. predictable or unpredictable); and 2) the sake and reason for the movement of a phenomenon into the future in order to achieve: some optimal arrangement, a chosen goal, a mature form of itself, continuity and transformation of its identity. They identify five approaches of teleology (i.e. natural law, adaptionist, rationalist, formative and transformative), but we have excluded natural law and adaptionist-teleological approaches, because their applications become more relevant in the Natural Sciences and as a consequence less useful in Social Sciences such as an organization's behaviours and practices of business ethics. For example, the approach of *natural law* means that the phenomenon in focus moves in a stable manner over time and change is a predetermined and entirely predictable movement (i.e. toward a known future). Time is irrelevant and interaction between parts plays no essential role in what happens, therefore, it is excluded. The *adaptionist* approach implies a chance-based competitive search for optimality with a weak form of self-organization confined to the selection process. Change is movement to a stable state or condition of adaptation to the environment. It is primarily applicable in the animal and vegetable kingdoms therefore, it is also excluded.

Consequently, our focus is on the three remaining teleological approaches in the context of organizations' behaviours and practices of business ethics in the marketplace and the surrounding society (see Figures 1-3):

Figure 1 about here

The *formative* approach (see Figure 1) refers to the contention that the stable movement is produced by the self-organizing interaction of parts where the final state or condition is pre-determined (i.e. a known and predictable future) and the system moves toward it. The movement of time and the meaning are from a given past to the present. The future is recognizable in the past and it will be a repetition of the past. In other words, in the formative approach one has a notion of the future in the present, but the assumptions are based upon the past. In this approach, organizations' behaviours and practices of business ethics in the marketplace and surrounding society become pre-determined and directed toward a known and predictable future state or condition.

Figure 2 about here

The *rationalist* approach (see Figure 2) refers to the idea that the notions of self-organization are absent and both stability and change are human choices toward autonomously chosen goals. What happens is that an action is chosen to fulfil some selected goal for the future (i.e. a known and predictable future). Action is about filling the gap between what is desired for the future and what exists in the present. The movement of time is from the future to the present. The meaning is located in the future, in the gesture made in the present as it points to the future. In other words, in the rationalist approach the future is determined and outlined in the present. Organizations' behaviours and practices of business ethics in the marketplace and surrounding society become a goal-directed process toward a known and predictable future state or condition.

Figure 3 about here

The *transformative* approach (see Figure 3) refers to that there is self-organization and a transformative causation of micro interaction in which each moment is influenced by previous moments. Each moment is a repetition of the past, but with the potential for future transformation and continuity at the same time (i.e. an unknown and unpredictable future). In other words, in the transformative approach human action is taking place in co-creative interactions. An organization's behaviours and practices of business ethics in the marketplace and surrounding society become variable and continuous toward an unknown and unpredictable future state or condition, but there are notions of how the future state or condition might be that is derived from the continuous interaction in human action.

Consequently, in both formative and rationalist teleology the meaning of human action arises in the present, but in the formative form meaning arises as a movement from the past (Figure 1) and in the rationalist form meaning arises as a movement toward the future (Figure 2). In transformative teleology

the future movement of meaning arises in the present. In other words, in the latter, the meaning of the future arises as continuous transformations in the present (Figure 3).

We believe that it may be more appropriate (and potentially crucial) to talk about *formative, rationalist and transformative approaches* in organizations' behaviours and practices of business ethics in the marketplace and surrounding society (i.e. adapted from Stacey, Griffin and Shaw, 2000) therefore, we shall use the presented teleological approaches as a theoretical framework to shed light upon business ethics in the marketplace and the surrounding society. We provide illustrations and analogies to describe these approaches in organizations' behaviours and practices of business ethics in the marketplace and surrounding society.

TELEOLOGICAL ILLUSTRATIONS

In this section, we provide three condensed teleological illustrations in the context of an organization's behaviours and practices of business ethics in the marketplace and the surrounding society at strategic, tactical and operational levels. The numbering (i.e. 1, 2 and *n*) used in the illustrations of Figures 4-6 refers to 'occasions of reconnection to reality' in the marketplace and the surrounding society, which could be interpreted as flexible time periods (i.e. either weekly, monthly, quarterly or yearly) in order to give the illustrations generic and universal flavour and application. Furthermore, a set of teleological analogies are also presented in the next section to complement the significance of the teleological approaches in the behaviours and practices of an organization's business ethics in the marketplace and the surrounding society.

Formative Business Ethics

Using the formative approach, organizations' behaviours and practices of business ethics in the marketplace and the surrounding society determined in the 'occasion of reconnection to reality' 1 is the basis for the forthcoming occasions in 2 and *n*, all of which will be derived from and based upon these

initial expectations and perceptions (Figure 4). The dilemma is that strategic directions outlined and decisions taken regarding business ethics that are based upon the past in order to provide guidance for the future of an organization's behaviours and practices are risky and doubtful. Though the change from reactive to proactive approaches of business ethics may be appealing to an organization, the dilemma continues due to that it is based upon previous experiences of the organization in the marketplace and the surrounding society. There may be insufficient insights considered from tactical and operational levels in the organization. This may lead to unexpected consequences at the tactical level of the organization described under the rationalist approach (see below).

Figure 4 about here

The strategic directions outlined and decisions taken in the effort to guide the organization, its managers and employees, may apply a formative approach without being aware of the fact that it does not permit tactical and operational flexibility of the organization's behaviours and practices of business ethics in the marketplace and the surrounding society. It means that the strategic directions outlined and decisions taken at the 'occasion of reconnection to reality' *1* in Figure 4 may lead to the creation of non-feasible expectations, pre-determined behaviours and practices of business ethics troublesome to perform effectively on other 'occasions of the reconnection to reality' (i.e. *2* and *n* in Figure 4). Designing or making a blueprint or template of a future state or condition might leave a problem in dealing with the present.

The dilemma is that the consequences of a formative approach in strategic directions outlined, decisions taken and guidelines provided in the organization does not become apparent until tactical and operational behaviours and practices of business ethics confront the other 'occasions of reconnection to reality' in Figure 4. Therefore, strategic directions outlined, decisions taken and guidelines provided of business ethics should be aware of their potential downsides, no matter the good intentions. Here we can recognize a pattern that everyone can relate to, namely when a group of managers or employees are 'alienated from reality' and create strategies or make plans for a future state or condition of the organization's business

ethics – everything seems achievable – but when implementing these initiatives into the daily behaviours and practices of business ethics the outcome might not be as predicted, which means that reality might seem to be problematic to manage in the strategic directions outlined, decisions taken and guidelines provided.

Rationalist Business Ethics

Figure 5 about here

Using the rationalist approach, there has been a shift in the content of the ‘occasions of reconnection to reality’. The organization’s tactical criteria to be used in the ‘occasions of reconnection to reality’ are more about measuring progress and performance toward the chosen strategic goals (i.e. directions outlined, decisions taken and guidelines provided at the strategic level). It should be noted that there is no change regarding the understanding of the future state or condition of the organization’s behaviours and practices of business ethics in the marketplace and the surrounding society.

How should the tactical and operational levels of an organization support their managers’ and employees’ behaviour and practices of business ethics in the marketplace and the surrounding society? It may be specified in a number of ways. For example, it may be what they should say and do in different situations (i.e. *1* in Figure 5). On other ‘occasions of reconnection to reality’ (i.e. *2* and *n*) these issues may be addressed and training organized. The outcome may be evaluated against these pre-determined standards and strategic goals, however, the outcome may not be favourable, because the marketplace and or the surrounding society change continuously. This may lead to unexpected consequences at the operational level of the organization, its managers and employees. It is described under the transformative approach below.

Transformative Business Ethics

Figure 6 about here

Using the formative approach, managers and employees at the operational level of the organization may realize that the strategic and tactical directions outlined, decisions taken and guidelines provided may not work in the marketplace and or the surrounding society (i.e. 1 in Figure 6). The reactive-proactive move may cause many problems on a daily basis, therefore operational managers and employees may have to adopt a much more flexible approach to these situations (i.e. 2 and n) in order to manage the requirements of the marketplace and the surrounding society in the effort to accomplish the requirements of the future state or condition of an organization's behaviours and practices of business ethics. They may have to apply a transformative approach of business ethics to manage the situation, that is, continuous 'occasions of reconnections to reality' in the marketplace and the surrounding society.

CONCLUDING THOUGHTS

One may argue that an organisation's behaviours and practices of business ethics in the marketplace and the surrounding society are dependent upon processes of co-creation patterns, which are non-controllable. They are processes of continuous interactions, where organizations, managers and employees influence others and at the same time they are influenced by others. These are not processes of 'top-down' or 'bottom-up' approaches to directions, decisions and guidelines, but processes of gesture and response where meaning or sense-making emerge in co-creation between the organization, its managers and employees with the marketplace and the surrounding society.

An essential subject for further research is how to deal with the durability and variability of organizations' behaviours and practices of business ethics in the marketplace and the surrounding society. Are they formative, rationalist and or transformative? The key may be an enhanced emphasis in research on longitudinal aspects of business ethics that may explore them over time and as contexts evolve.

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Figure 1: A Formative Approach.

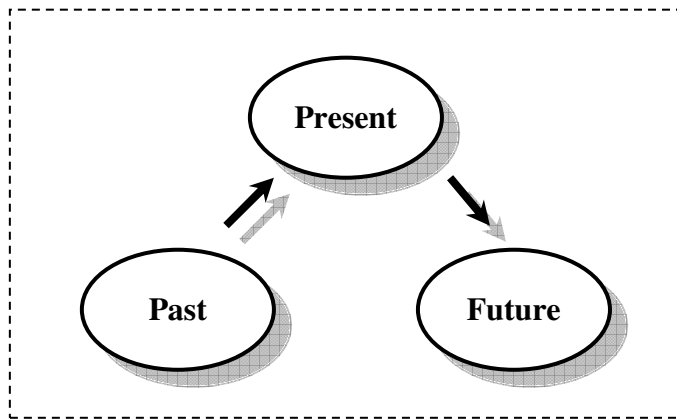


Figure 2: A Rationalist Approach.

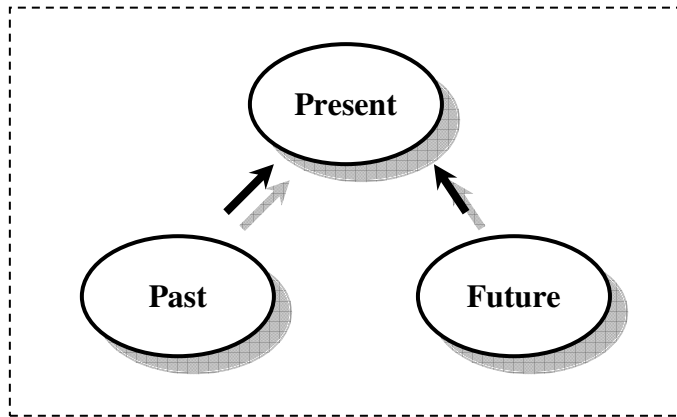


Figure 3: A Transformative Approach.

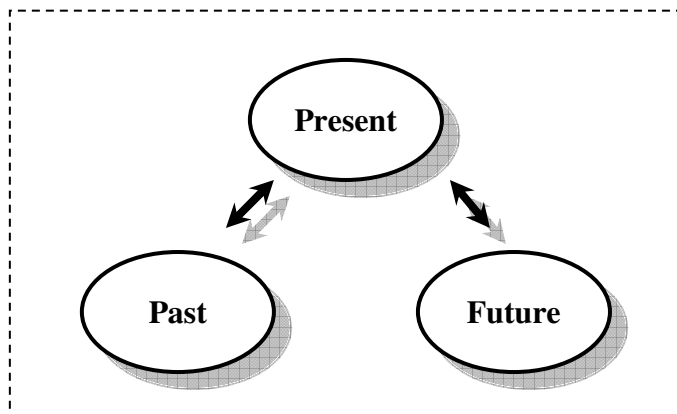


Figure 4: Formative Business Ethics.

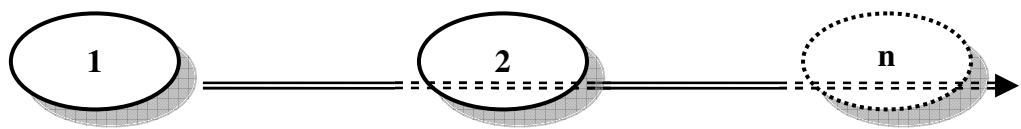


Figure 5: Rationalist Business Ethics.

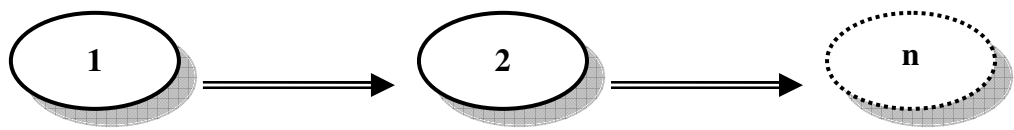
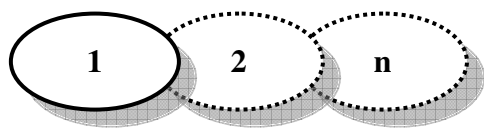


Figure 6: Transformative Business Ethics.



Dr. Nick Beaumont
Stream Chair, 23rd Annual Australian and New Zealand Academy of Management
Conference

Chair Comments to the Author:

Papers offering a purely theoretical contribution must meet very high standards, especially of clarity of expression. This paper disappoints if only because it is inaccessible to most management scholars. Although one might distinguish between the formative, rational and transformative approaches it would be necessary to demonstrate that an organisation predominantly chooses or prefers one or other of these approaches. The differences are hard to identify; my feeling is that organisations may place different emphases on the past (in part manifest in organisational attributes such as culture), present, and future and that these emphases may vary constantly with time and amongst applications and departments.

Whether or not, that is true, the implications of the different models for ethical behaviour are unclear. It is not clear why a teleological approach to ethics helps. It might help to define ethics. It would certainly help if the authors could demonstrate that their three different approaches illuminated actual practice.

We have made some changes in the paper, but due to the space constraints of the ANZAM-format we have not made amendments that would violate these restrictions.

One reviewer opined that the article was not original and appreciably overlapped with an article published in Journal of Management Development 27:8.

We are the authors of this article. It has an emphasis on leadership, not as in this paper on business ethics. We have attached a copy for you. There is one common reference and that is the theory underpinning the framework that we have used.

To say that it 'appreciably overlapped' is not correct and one wonders how said reviewer made the 'amazing discovery' of the other paper when the titles give no indication of a link, because the only thing in common is the framework used.

We leave it to you to judge if we have done this 'appreciable overlap' and if you deem that we have then we shall withdraw the paper.

I have informally have obtained a review from a qualified person: this review follows.

Reviewer: 1

I think this is an interesting paper.

Thanks.

I don't know who the audience for the ANZAM conference is. I get the impression it might be primarily academics and, if so, the question of language is not such an important one. In my experience, lots of non academics go to conferences that are advertised as being for academics and practitioners alike and are then quite dismayed to find out that the papers are so heavily skewed towards academic conventions and academic language that they spend most of the time completely at sea. I think this is a great shame because they often then disengage from the idea of interactions with the academic community and they are usually people who are keen to learn more about their field. Time and again, I have had people make this comment to me.

Interesting comment - in fact, we tend to agree!

This was a huge diversion of mine to simply say that in this case I think the language is very accessible and the authors should be congratulated on that.

Thanks again for the encouraging comment.

Having said that, I think it is a bit rambling and repetitive in parts and that needs to be tightened up before presentation. If the conference proceedings are

going to be presented in written form at a later date, there are also issues around spelling, punctuation, and typographical errors etc to be corrected such as casual instead of causal.

We have re-read the manuscript and made changes to it. It appears that inadvertently a previous version may have been submitted than the final one that had been proof read.

My main criticism is that the abstract led me to expect that the paper was going to include findings of actual research that they had conducted in various organisations and I was wondering why there was no discussion of methodology or context. However it is really a discussion of theoretical frameworks that could be used to study business ethics in organisations and some potential outcomes. Unless I have misread this, I think it would be improved if the abstract was changed to reflect this.

The abstract has been rewritten.

I thought their explanation of teleological approaches was good as was their explanation of why they were concentrating on three of the five and why they had rejected the other two.

Ok.

Reviewer(s)' Comments to Author:

Reviewer: 2

Interesting promising topic. Good description of teleological approaches and reasons for approaching only three (rationalist, formative and transformative).

Thanks.

Suggestions for Improving this Paper: Suggestions for content of paper:

1. The abstract should present the findings of the study / literature review.

The abstract has been rewritten.

2. Literature on codes of ethics is presented but not used in the paper in the conceptual framework.

It is only used as an introductory frame of reference.

3. The paper claims that 'business ethics has not been explored using teleological approaches'. This is inaccurate and literature on business ethics and deontology and teleology provides interesting views on this. See for example (just to name few):

Phatak, A. & Habib, M. (1998). How Should Managers Treat Ethics in International Business? Thunderbird International Business Review (1986-1998), 40(2), 101.

Duska, R. F. (2006). Contemporary Reflections on Business Ethics (Issues in Business Ethics). New York: Springer.

Peachment, A., McNeil, M., Soutar, G. & Molster, C. (1995). Means or ends? Ethical decision frameworks in the Western Australian public service. Journal of Business Ethics, 14(8), 629

□

Sternberg, E. (2000). Just Business: Business Ethics in Action. New York: Oxford University Press, USA.

Stenberg (2000) has an entire chapter on teleological approaches in business ethics.

It should be noted that we have used the definition of 'teleology' not in the strict ethics sense but in the sense of the causal frameworks of Stacey and Griffin and Shaw which you will see on page 883 of our original work using their framework. The works listed above are based, we would think, on the conventional understandings in business ethics of the term 'teleology' (greatest good for the

greatest number) which is not our version in this instance of the term 'teleology' as described by Stacey et al.

We have checked the Phatak and Habib paper and Peachment et al paper and find that they both use the conventional use of the term 'teleology' in business ethics as we had suspected and expected. It would appear that the reviewer may not have understood the inherent differences in the 2 uses of the same term.

Thus we have changed the title of the paper to remove confusion.

4. Use of wider literature would provide a better foundation for the paper.

Suggestions on appearance / spelling / grammar:

1. Expressions like 'this will be discussed in the next section' gives the impression that various sections of a dissertation were produced, without careful thinking about information flow and relevance.

This work is not a dissertation and so we have eliminated any hint that it might be.

2. Spelling mistakes appear in the paper: e.g. casual frameworks instead of causal frameworks. More attention to spelling and grammar needed.

Please see previous comment re version submitted.