Organizational Change – A Remedy Prescribed in Over-dose?

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Abstract

People in general want improvements, but rarely radical changes. To overcome this conservatism among employees, managers are often overselling change. During a long time there has been a frenetic enthusiasm for managers to become leaders with 'transformational' and charismatic capabilities. To do things right has been less important than doing the right thing. This article questions this prophetic capability of managers and also the value of change. As a phenomenon in modern society, and in modern companies change is often overestimated and overvalued. What happened to the new economy? Maybe time has come to question the leader and appreciate the manager?

Keywords

Change, rationality, transformational, transactional, legitimacy

Introduction

Samuel Johnson concluded that a decision to remarry is the triumph of hope over experience. Most managers listening to such a comment will make a brave statement on firm commitment to successful change despite long odds of obtaining a result in line with the expectations. This article will present arguments for an attitude to managing change that is less enthusiastic and more prudent. This even implying the heathen thought that the banishment of the manager and the canonization of the leader might be a mistake. Change might be both misunderstood and over-valued.

Ambivalence to change

The difference between conservatives and radicals is sometimes more the attitude to labels than the attitude to change itself. The sensible conservative primarily wants to keep the good things - but think it is right to change the bad things. The sensible radical primarily wants to change the bad things - but think it is right to keep the good things. The ambivalence to change was illustrated when Saudi Arabia a few years ago celebrated its independence using the slogan "60 years of progress, without change". When the Communists of China have their celebration 2009, if still in power, the same slogan might be recycled. The core value is stability for the power elite, despite significant economic changes.

In companies the attitude is much more radical. The message of some management gurus rings familiarly to a slogan of early socialism: "The proletarians have nothing to loose but their chains". Marat coined this slogan that Marx later duplicated in the Communist Manifesto. The same message, of everything to win on a gamble and nothing to loose, often comes from people with different values and objectives. It is a way of recasting radical change from a bold move to a necessity only opposed by indecisiveness and paralysis.

In Sweden the previous center-right government described their modernization initiative as "the only way". Even more outspoken is the label for the pro-market reforms initiated 1984 in New Zealand by Roger Douglas, then the minister of finance of the Labor Party. This transformation of a traditional welfare state was baptized Tina - "There Is No Alternative". Even when seeing a suggestion as implying more choices, it is described as a necessity rather than as a choice of a better option.

Several scholars endorse such a strategy on the company level. Schein (1993) describes the change process as persistent efforts to increasing an anxiety about not learning, not changing. People are not ready to embrace change until that negative feeling is stronger than the anxiety for change. John Kotter agrees with a CEO spelling out the goal as "to make the status quo seem more dangerous than launching into the unknown" (Kotter, 1995, p 60. One possible conclusion of this way of describing the choice is that the agitators of change think they have a hard sell. Verbally there are plenty of people saying nice things about the desirability of change, but when it really counts, it might be that most people are closet conservatives.

In a more general way this argument for change can be explained in a simple model. Different outcomes might be given the following values: Status quo is given the value 0, the unsuccessful change -1, and successful change +2. The proponents for change try to make a credible plan for reaching a successful change. However, the possibility to obtain the +2 alternative may be in doubt. In addition to such doubts, there are risk aversion and the heavier discounting of distant advantages than of close costs. A popular persuasion strategy is to introduce a forth alternative, the long-term status quo given a value such as -2. Status quo is degenerating fast, so the 0-point alternative is fading and should be replaced. Missionaries of change have always tried to simplify the analysis by discarding the present as temporary or illusory; the Devil is just around the corner, you have nothing to lose but your chains.

You often read that half of all scientists that have ever existed are active today and that not only GNP, but also human knowledge double in a few decades.

What happens today and the prospect for tomorrow are the major parts of news programs, papers, journals and books. In much of literature and theatre, the themes are more eternal, but a substantial emphasis is put on new contributions. In such an avalanche of change there seems to be no better option than to "hang on and enjoy it."

However, our time might be less revolutionary and change much slower than that picture indicates. Substantial change in society and in companies shows a different pace than the most visual level. Capital accumulation in the company is much slower than the boom and bust of its shares.

Frederick Reichheld (1996) is presenting strong reasoning and illustrative examples demonstrating the importance of obtaining a high retention. The buyers attracted by special offers usually do not give an important marginal income, but generate losses during their short stay as customers. Most people have a wide range of activities. To be able to cope with these, they have stable or satisfactory goals in many fields. This year's new jacket should be all right to wear also next year, if worth buying. When finally worn out, the more conservative customer will minimize risk and change by buying the replacing product from the producer that has served him so well. Experience of a brand is likely to be more important than pledges about quality.

'Creative destruction' endorsed by Joseph Schumpeter (1942) as a general phenomenon might be a blessing, but when it results in just destruction this shortened life span is of major importance for the employee and the customer alike. The company's present product line will not support the employee for his lifetime, but carefully maintained it might last six years instead of three if the company invests its money in several bold but unsuccessful new visions. Keynes assurance that 'in the long run we are all dead' is another way of downgrading problems rather than solving them properly. (The Economist turned that around in a memorable way: "We are now in the long run - and Keynes is dead")

Radical change is not mainly an alternative to avoid death, but one enhancing that probability. In organizational ecology, Michael Hannan has studied effects for companies that introduced major changes - "'changed the company blueprint" - compared with companies making only adjustments of less radical kind. Companies introducing blueprint changes had three times higher mortality the companies than the less radical ones (Hannan, 2005, p 61). Such empirical results are of major importance for shareholders as well as employees.

From a consumer perspective, people are interested in change within their special fields of interest. Here they will strive for maximization; the newer the better and change is not perceived as a cost, but a pleasure. When buying a new technical gadget, it is a major attraction if the product has been for sale only the last two weeks, but for many other purchases, it might be more important that a product has a long life span. Michael Silverstein and Neil Fiske (2003) see a trend of trading up some luxury items and trading down for the rest. There is probably a connection with what they classify as luxury items and here described as special interest. When the main interest for an item is a low price, the interest is probably also low for 'new and different'.

Change, as a phenomenon, seems to be strongest when evaluated as an attitude, as being a declared opinion. When looking at specifics concerning one's actual situation, the judgment is probably more conservative. Will this change really imply an improvement? And if so, is it worth the trouble? However, there is a further level, the ex post evaluation of change, that is often more positive. When established, many non-popular changes get wide support. Such patterns are arguments for the

pushing of many reforms - one day the critics will have a better-informed, and positive, opinion about the suggested reform. Humans are adaptive to a degree that might surprise; despite so many conservatives, there are few reactionaries.

Summing up, I think change is not a positive motivational factor. In the same way as it is realistic to expect risk aversion, it is realistic to expect conservatism. In a similar way as socialist agitators, and religious prophets try to motivate people to a risky shift by portraying the present situation as a road to catastrophe, many managers argue for change, not only by picturing a brighter tomorrow, but by stressing the decay of today. As the Red Queen in Alice in Wonderland, a company has to run fast to stay in the same place. As a rather shallow attitude it is practical to show some enthusiasm for change. However, it is a mistake to read that attitude at face value.

Management as an avant garde for change

New mergers have usually not been the fast roads to the estimated impressing synergies, but at best more limited benefits. There is some experience behind the generalization that the winners are limited to the managers in the acquiring company and shareholders in the acquired company (Sirower, 1997). There is a lot of ambivalence towards radical change among the employees and customers, but a lot of enthusiasm in management. What supports the enthusiasm for change?

Albert Camus made the distinction between rebels and revolutionaries. The former object to the concentration of power, but the latter are not against the concentration of power per se, but against what they see as the wrong project and the wrong people - that is, not themselves - being in power. In business there is sometimes a critique of the present policy, but it is mostly by revolutionaries out of power. Young Turks are making plans for their fifteen minutes of fame as do old heavy weights, temporarily but not necessarily permanently, outside the inner circle. Different advocates of radical change quarrel about which goal to focus and who will be in charge.

Even with some sympathies with the rebels, it seems necessary to attribute the main capacity for generating change to the revolutionaries. It is remarkable to what extent that small groups of like-minded individuals have succeeded to counterweight the force of general conformity bias by a very strong subgroup identity. In-groups like religious sects and extremist parties seem to gain some extra force by promoting the conformity of the subgroup. In other fields, there is also justification for a similar view. The detailed suggestions for change might vary, but one main conflict is between on the one hand people urging for change, closing ranks, wanting to believe, and, on the other hand, skeptics seeing such trust and confidence more as a poor judgment than a virtue. For a larger company there is often a need of an avant garde group that develop their ideas internally and then proceed to influence other managers and employees. Kotter (1995, p 62) estimates the number of managers in what he calls "the guiding coalition" to 20-50 persons for a large corporation.

Many see the leader's prime function as energizing the employees. His function is not as much to find the right goal, but rather to create a will to move forward to future stages. Jesse Jackson expressed a view on leadership: "to generate heat, you have to put yourself into fire". If change is paramount, companies have to go along, and enthusiasm and pseudo change can be seen as part of a predisposition for the right behavior. But there are reasons for doubts about giving the central role to 'the

vision thing', the "I have a dream". There is a preacher and leader demand for such ideas and skills, but what about the listeners? Do the employees need an energizer? Many people answer those questions affirmative. It might be what religious leadership is about, but I nurture an interest for a more secular view where leaders should be inclined to do something more down to earth.

In the authoritarian and the post-modern tradition, there is an idea that the leader provides meaning for the lead. This demand is likely to increase in turbulent times (Popper & Zakkai, 1994). Turbulence is not necessarily created by external factors but a leader with charismatic ambitions has motives to create a perception of crisis with a demand for prophets providing "meaning" and guidance. Such causality brings a definition on psychoanalysis by Karl Kraus to my mind: "Psychoanalysis is the mental sickness that it consider itself to be the remedy for" (Fredriksson, 1994). Also for some leadership ideology it is dubious if the treatment is a part of the solution rather than a part of the problem.

There are also less gung-ho motives for change. Many managers think it is simply their duty to promote change. Image and reputation are caused by a pattern of positions in several questions and such considerations affect many managers' policy. Especially if you cannot stop an initiative, there are good policy reasons - even if not virtuous - for supporting a "happy go lucky" policy. Many decision run out of steam and will never get implemented. The best result for a critical manager might be that a dubious project never get into effect, while he has expressed some verbal support and that way avoided making himself powerful enemies.

Many decisions taken by middle management will be according to central decisions. To some degree the manager has a similar role to the copywriter making a national adaptation; not much more than a translation of decisions taken at another time, another place and by other people. Shifts seem to occur with senior and middle management in lock step. This kind of centralized decisions creates some problems for the middle managers self-esteem and for his authority as a real decision-maker. One policy is to pretend membership in the avant garde group. It is hard for others to judge if a person who is instantly in line with the new policy is one of its promoters or a quickly adapting turncoat.

There are also possibilities for proper individual initiatives. An example of excessive change is when a new marketing director starts a change of a product profile. Such a person is often a risk taker that will try to succeed as a change master, a leader, rather than being a mere manager. A most lucky, and not uncommon, outcome for this person is that his bold initiative is noted, and he is promoted before results will show whether the change was for better or for worse.

One countervailing power to the enthusiasm of the new solution is if the protagonists of the old solution can keep a power player in the game. One such solution is the common habit in Europe to keep the previous chief executive officer as the chairman of the board. The present emphasis on change is one reason for the Swedish Code of Conduct to recommend against such a solution. This will make it harder to defend old sins, but also to defend old virtues. The practical forces against change are strong, so change needs support by structure and policy. There is often some kind of culture revolution attitude - all systems should be biased for go. Common advises to managers carry bold messages such as: "Managers should not be bosses, but leaders", "the essential is not to do things right, but doing the right thing". The heart of such views is that the manager should

be a change leader, someone "transformational," not "transactional" (terms coined by Burns 1978). Another split of bosses into two similar kinds was made by Abraham Zaleznik (1977) in an article named "Managers and leaders: Are they different?" With the terms "transformational leader" and "transactional manager", this article continues this long discussion. There have been many influential contributions e.g. Bernard Bass (1985) and Pawar & Eastman (1997). Since the 70-ties there has been a dominance for promotion of the transformational leader.

The fire metaphor by Klein and House (1995) is illustrative for the dominant transformational view on leadership; the metaphor has three components: the spark (the leader), the flammable material (the followers) and the oxygen (the environment). Slowly there is some criticism of the literature for being 'leader centric'. Yukl and Van Fleet conclude: "Most of the prevailing leadership theories have been simple unidirectional models of what a leader does to subordinates" (Yukl & Van Fleet, 1992, p 186). Slowly the focus has been expanded to the followers and the relationship to the leader. The LMX-model (leader-member-exchange) initiated by Graen (1976) has got some following. Howell and Shamir (2005) suggest two types of leaders and relationships: personalized charismatic relations and socialized charismatic relations. The followers are crucial for which of those two kinds of relationship that is occurring. There seem to be a trend of directing more interest towards the followers, so in some respects several authors make efforts to be less leader centric. But there are few signs of a development to a less 'change centric' view. Conger et al (2000) illustrate that the link between charismatic leader and change is not being revised "Managers who are seen as charismatic will therefore be more likely to be perceived as both critics of the status quo and as reformers and agents of radical reform" (Conger et al., 2000, p 748)). The transactional leader and his followers are still out of focus.

Using these terms as ideal types, there are reasons to stress the idea about ideal type and to comment the risks of misuse since that is commonly done. First, an ideal type is not an ideal (Weber, 1904), but the character of a frequent and interesting personality type with both good and bad sides. A type can be seen as some components in a cluster to be judged as a package. One way to undercut the usefulness of ideal types is to give one type additional positive features so the comparison becomes just a rhetoric exercise. A second misuse is to kill the distinction by suggesting 'both' instead of 'either or'. This is avoiding the priority question for some kind of "happy hybrid" between alternatives (See Collins & Porras (1994) for an effort in a general defense of the 'both'-philosophy). Here, ideal types are used in the Weberian tradition. Transformational leaders are close to the charismatic with a focus of change to find the right things to do, while the transaction manager is focused on the issue of doing things right.

One of the few areas in which there is something positive said about the transactional manager is concerning entrepreneurs. Several authors put emphasis on the need of entrepreneurial firms to change from entrepreneurs (transformative leaders) to administrative (transactional) managers. When a firm is growing it comes to a point when it needs more of structure and delegation and less of being a one-man show (Schein, 1983; Hofer and Charan, 1984; Flamholtz, 1986).

This appears to be a reasonable point even if many more scientist are promoting the advice that the entrepreneurial alias transformative virtues should be supported versus the administrative also in big companies since the latter are suspected to stifle growth (Michael et al., 2002; Stevenson & Jarillo-Mossi,

1986)

The hierarchy factor

Below the higher management level there are a number of factors influencing the attitude to change. One view of hierarchies is that they are natural and also emotionally attractive to the low-status individual. Certainly there are examples such as the devotion of fans. However, the general explanation for accepting a low rank is most likely the chance to get better off than somebody else belonging to an out-group, or being left out in the cold. In-group cooperation fosters some practical hierarchy, but the reason for the lower members to comply is out-group threat, not any satisfaction in submission. If de Maistre is wrong in his claim that "all men are born for monarchy" (Holmes, 1993, p 19), we have a practical question for people in charge of the hierarchy. How keep people at the bottom happy, if the confrontation with competition is not so hard that dire discipline seems necessary?

Companies have several solutions and one is to trim the pyramid. This cuts the number of rules and instructions for the employees at the bottom and is a most important change. That lightens the burden, but there is still aversion to stand on the pyramid's bottom line.

Even if we all dread to be at the bottom of a pecking order, someone has to be there. The economist Robert Frank (1985) argues for another way of handling the hierarchy factor. His theory states that in our economies there are significant economic transfers from the productive to the less productive, as some kind of compensation for the dismal social position of the latter. This does not refer to welfare state legislation but to private sector practice; the difference between e.g. salesmen is much smaller in compensation than in productivity. Frank's understanding of the situation is that high productive individuals subsidize the low productive ones. If also the low productive earned his salary the companies should be more profitable than they actually are because of significant contributions from the high productive employees. To be a star, people need others to outshine, and the outshone demand compensation.

Continuous change is another way to handle the hierarchy problem. By moving people around, a career possibility is kept opened to most employees most of the time. To be one of the candidates for the top positions in the distant future might be stimulating even if almost everybody else is also a candidate. But an organization nurturing such possibilities by a policy of having people surfing around generates costs. There are educational costs when learning the first year, contributions the second year and new costs when being assigned a completely new task the third year.

The personal policy of an international oil company where I used to work was to keep everybody in a flux. The policy was to have at least three qualified candidates for every job; no one should feel he was the given successor for a promotion, but just a possible one. By the same token, no one should find himself out of the race; the formula is "up or out". To be stuck in the career, "to be plateaued', was not only a personal misfortune but an organizational mistake since such a person could hardly be expected to give his utmost. A high pace of change can make more people think that they are on the way up and when suffering disappointments, these might be seen as only short-term set backs; in the next reshuffle, the previously discarded might become a winner.

Every person in an organization has to consider the power of dominating expectations. Middle managers who want to keep their job and move up in the ranks will have little choice than to profile themselves as proponents of radical change. Better initiating some ill-advised changes while showing the right attitude with some deficits in experience than being perceived as lacking "the right stuff".

A comparable situation is if members of a parliament knew that their expected and monitored performance was to initiate and get through a new law. Such a standard would likely result in an explosion of laws. Some good ideas would be more than offset by impairments and the costs of changing; information problems, confusion, not anticipated side effects etceteras. Similarly, major reorganizations with short intervals are extremely likely to be overall impairments even when including positive elements.

Legitimacy and rationality

Lorsch (1974) writes about "the psychological contract" and Zetterberg (1984) about "the invisible contract" between employer and employee. The basic conditions are understood as firm commitments which management cannot easily change. If management wants to go ahead with a major change there are three alternatives. They can try to downgrade the proposal to "routine rationalization" and claim there is no need for special treatment. The second alternative is referring to force majeure - this is a 'Tina' situation - as when the survival of the company is at stakes. The third alternative is participation - after discussion the psychological contract gets revised. It is justified to conclude that many times none of these alternatives really succeed; the change is pushed through, and the contract gets damaged.

Management can induce trial by force, but they cannot create a positive ex ante evaluation of their suggestions as some kind of psychological reciprocity; if they are nice and listen, the employees will be nice and say what management wants to hear. Some proponents of participation seem to think it has the same effect as a customer complaint switchboard; the function is to defuse complaints by letting people voice these complaints and get the steam out (in addition to some occasional good idea). If participation is meant to be less symbolic and directed according to script, it is likely to result in more alternatives and often an entrenchment in different alternatives. It might result in improvements by taking advantage of good suggestions, but a participation process can be expected to lead to less unity rather than more.

When organizations change, people often fear that they will lose. It is unlikely that participation changes this problem in a significant way, but the central confrontation is the employee's self-interest versus authority. Authority might be strengthened by participatory support causing opponents to give in - and sometimes later make a more positive reevaluation of the change. But joint decisions might not only intrude on managers, but also on ordinary employees who will generally prefer personal empowerment to orders – collectively or hierarchical. However participation might carry two other positive effects. New suggestions and open debate carry a potential quality improvement and the general inherent conservative bias in participating is likely to be beneficial if there is an abundance of proposals for change.

The prime interest for any employee is not to do what the leader tells him, nor what the majority has proclaimed being desired. His prime interest is doing his own thing. Of course this has some limits. The professional code conveys virtues that the

person has adopted before joining this specific organization. A special interest for the product or the field is not unusual and an asset for the individual and the company. To internalize some of the organizations main goals as if they were in the realm of one's own self-interest is also normal. The problem is when the manager insists that he or a higher manager have the competence to write new recipes. Each of us think he knows what is the right thing, and if proven wrong, there is a lot to say in favor of making one's own mistake, not others.

However, such a critical view of charismatic leadership does not pull the rug out under the manager because we all know the importance of coordination. When appropriate a higher organization level can contribute. Most people with experience in cooperation on the same level know this is no panacea. There is a point when people feel inclined to vote for dictatorship rather than one more coordination meeting to build rapport, mutual understanding, commitment for a common goal etceteras. There are simply too many coordination decisions in a company to be taken by joint decisions. Therefore, the main mission is to make coordination straight and smooth, keeping the organization on track rather than blast new roads into unknown territory. The manager's prime task is to try to do things right. In contrast Ronald Heifetz, as many other management gurus, has for decades excluded these kinds of work from the issues worthy attention: "I am not talking about routine problems; I do not think they require leadership." (Heifetz, 1988, p 37).

There are of course situations in which incremental change is not an option. If there is a proposal to merge with another large company - you either do it, or you pass. To choose a long term and expensive research program might be another example. Such daring jumps with both feet are often of prime interest, so an emphasis on coordination and more evolutionary change can be seen as focused on more limited issues. However, many big questions can be broken down to smaller chunks. It is even so that many big steps receive radical characteristics by restructuring and in hindsight, while in real time they were series of minor actions, sometimes with other purposes. The management's task, as I see it, is primarily to handle such more comprehensible projects in a proper way. One reason for a better survival prospect of larger companies is that they can afford unsuccessful experiments. If the large company chooses maximum size experiments, this better risk absorbing capacity is abandoned. The 'big leap forward' is a wild gamble with a high risk of failure, not only for China.

Some popular programs like "Business Process Reengineering" (Hammer & Champy, 1993) seem to be strongly linked to radical change. The status quo is ignored to avoid the risk of perceiving prejudices as tacit knowledge. The BPR approach suggests a blank slate as the starting point rather than the existing processes of the company. But how frequent and successful are such radical overhauls? Different kinds of quality programs in the Toyota tradition indicate an alternative approach. Here the introduction might be seen as a major shift, but then the basic idea is to make a lot of minor improvements a part of the ordinary working day. Accumulated change makes a lot of difference, but this is evolution not revolution and handling this evolution is to a much higher degree a question of doing things right than doing the right thing. There is an emphasis on testing, involving, yes managing the change process in a professional way.

Conclusions

Claims of knowing what is the right thing can of course be made with support of enthusiasm, self-confidence and force etceteras. But right in the central meaning is more elusive. Are there any strong reasons to think that the manager knows what is the right change for the future? Delacroix (1993) and Aharoni (1966) are two of many researchers coming to the conclusion that vital change decisions such as entry into a new market are very poorly investigated.

A classical misjudgment is when a company acquires a small company in a new business and then puts 90 per cent of leadership time and enthusiasm into a business making up 10 per cent of the company volume. Making it worse, this is often a field in which they have a marginal experience with which to contribute. Such a situation might occur even without an acquisition. The new sexy product receives a lot of attention and a company reorganization emphasizing this change is introduced, while the old but important product is given a left-hand treatment.

An alternative is a more low key change strategy, to give the new ideas a chance, but not the central stage. The people working there will need funding, but they do not need ex ante recognition. Keep the organization unchanged until the size of the achievement - not the ambition - makes it rational to reorganize. That the company organization has to change when the company change is a truism, but few people will challenge the judgment that the organization is often changed as some kind of message to the employees or to external stakeholders. People, departments and products are lifted or downgraded as a kind of demonstration of the leadership's priorities. Most big organizations do much reorganization that seems to be questionable. Many times decisions and symbolic acts are taken as more real and important than real changes which often are slow and incremental processes rather than distinct points in time. This is a costly way to get attention and communicate a message.

In management's tasks, one could also include efforts to maintain the "distinctive competence" of the company as suggested by Selznick (1957). To discard existing comparative advantages is often a mistake. If the company should succeed to obtain profitability and a comparative advantage in the future, a good way is probably to nurture and develop present strengths rather than give central stage to visions and aspirations. If a new field becomes an important market, being there early on might not be a sufficient advantage to fend off competition. There is a need of competence at the level of the competitors.

In the general push for change, a lot of stamina is needed for holding on to a success (especially if created by someone else). The Marlboro man just rides on, while other companies seem to have little resistance to change, these changes involving not just the specific ad, but the profile, the logotype, and even the trademark. These things are estimated to be worth millions, but they are expected to be poured into new shapes with as low transaction cost as switching funds between Dollars and Euros. Finding the right thing in the flood of contenders is not an easy task. These problems lead me to suggest some skepticism of the manager as a person with prophetic qualities.

Of course there are exception when radical change is both necessary and also successful. But a few exceptions do not change the rule. The guru Peter Drucker asserted: 'Effective executives do first things first and they do one thing at a time' (1992, p 105). If agreeing with Drucker, the issue is to select the prime function to which the manager should focus his energy. My judgment of what to consider first things differs from what seems to be the currently dominant opinion.

A realistic approach to change has to with acknowledging that there is a conservative bias against change. Change in itself is normally not an aphrodisiac but a pain. Therefore, it has to be prescribed with care implying considerable improvements compensating this pain. This article claims that change in organization often is not a reaction and adjustment to external change, but to patterns in the internal environment. The mechanics of promotion and hierarchy are creating change for the sake of change. Therefore, the requirements on suggested changes of necessity and quality are insufficient, resulting in too little construction and too much destruction.

Such a change-obsessed way of leading organizations threatens the rationality of company policy and the legitimacy of its leadership. From the top to the middle managers there is a need of less whim and a more grounded attitude. The demand is for the skills of handling the business process including a will and an ability to incorporate a stream of incremental improvements. And this kind of change will be evolution rather than revolution. The revolutionary rhetoric and mind-set deserve some skepticism.

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Jan Tullberg is an associate professor at Stockholm School of Economics. His research is focused on the virtue of practical and rational norms. Conventional ethics is strongly influenced by altruistic ideals in the religious and metaphysical tradition and has serious compatibility problems with conventional economics with its focus on self-interest. A better fit seems possible with a less ambitious - and more honest - ethics grounded in sociobiology and other sciences. Reciprocity is a strong candidate as the central norm for ethics in general and especially so for business ethics. This research has been financially supported by The Jan Wallander¹s and Tom Hedelius¹ Foundation.