ESS and ODC: Establishing the Change Similarities and Differences

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Environmental and Social Sustainability

- Kanter (2009) conducted a study of the process of leadership, with a focus on social good, of 15 companies, for which the data collection spanned several years.
Environmental and Social Sustainability

• The study delved into enormous depth through structured and semi-structured interviews, observations, document review, and focus groups, its culmination remains a list of steps to achieve the vanguard status she attributed to eight of the companies of her study.

• However, there remains a need—in theoretical development, in study design and execution, and in practice—to develop a different understanding of the phenomena that members of organizations create that lead to such vanguard organizations.
ESS-Common Purpose

• Conceiving of the firm as a social institution—inherent buffer against uncertainty

• Organizations need a coherent identity to stay anchored

• Purpose and Values—the core of an organization’s identity and create a **Shared Vision**

• **Shared Vision**—Serves as a guide to create the products that serve society

• Okay—HOW?
The Fifth Discipline

• Senge (2006) used Katz & Kahn’s (1966) definition and Hass & Drabek’s characteristics in his work on the art and practice of the learning organization.

• He argues that there are five core disciplines necessary for a learning organization: personal mastery, mental models, shared visions, team learning, and systems thinking
Why Shared Visions Matter

• Visionaries like Henry Ford, Steve Jobs, Theodore Vail, Kennedy were able to articulate their visions in ways that galvanized people to join with them

• SV uplifts people’s aspirations
  • Making the motorcar affordable by everyone
  • Accelerating learning through use of PC’s
  • Bringing the world into communication through telecommunication
  • Leaving footsteps on the Moon
  • Making the world accessible through travel
Why else do Shared Visions Matter

• SVs are exhilarating, exciting, galvanizing
• Allows people who mistrusted each other to work together
• High-performing teams have a strong sense of shared vision and purpose according to Abraham Maslow
• SVs compel courage--doing whatever is needed in pursuit of the vision
• Learning organizations do not exist without SV
The Discipline of Building SV

• SV emerges from personal visions

• People with a strong sense of personal direction can join together to create a powerful synergy toward what I/we truly want

• PM is the bedrock for developing shared visions

• *We can’t force people to develop personal visions*

• *We can create a climate that encourages personal vision*
What about top-down vision?

• Usually communicated in a dictatorial hierarchy
• Top management goes off to write its vision statement with the help of consultants
• What comes back is disappointing, often a one-shot vision
• Management assumes they have now discharged their visionary duties
Shared visions emerge...

• As a result of the interactions of individual visions
• Individuals feel free to express their dreams
• Individuals will listen to the dreams of other team members
• Multiple visions must be allowed to coexist
• Diversity of ideas is welcomed
ESS—A Long-Term Focus

• Organizations all too often use a short-term institutional logic to conduct cost-benefit analyses of organizational change.

• However, investments in organizational change that are integral to long-term sustainability usually cannot be justified by short-term financial returns.

• The Shared vision must be anchored in a set of governing ideas.
ESS—Governing Ideas

• Governing ideas, answer the critical questions “What?” “Why?” “How?”
• Vision is the “What?”--the picture of the future we seek to create
• Purpose or mission is the “Why?”--the organization’s answer to the question “Why do we exist?”
• Core values answer the question “How do we want to act, consistent with our mission, along the path toward achieving our vision?”
• An org’s values might include integrity, openness, honesty, freedom, equal opportunity, leanness, merit or loyalty
• ALL THREE GOVERNING IDEAS ANSWER THE QUESTION “What do we believe in?”
ESS and ODC—Emotional Engagement

• Emotions play a significant role in developing and sustaining an organizational vision deeply rooted in sustainability.

• However, traditional models of managing are based on purely rational decision-making.

• Purely rational decision-making ignores the effects of emotions.

• So—HOW do we revise managing strategy to account for emotion and irrationality?
ESS and ODC—Emotional Engagement

• J. Davidson Frame—*Framing Decisions: Decision Making that Accounts for Irrationality, People, and Constraints.*
Chapter 2: Decisions and Decision Making

• **Objective:** To examine different approaches to decision making, which span several disciplines, including the decision sciences, economics, neuroscience, psychology, public policy, and sociology; and to explore in detail the differences between rational, irrational, and non-rational decisions.
Mindful Decisions

– Those that address well-defined problems and that possess clear answers. These are the decisions that fall under the purview of management science, and its operations research component.

– Those that address ill-defined problems that are characterized by significant levels of uncertainty, which are often tied to *irrationality, people* and *constraints*.
“Decision making”

• Not a discipline in a conventional sense
• Different walks of life hold different perspectives on decision making.
• Included here are:
  • the decision sciences,
  • economics,
  • public policy,
  • social psychology,
  • psychology,
  • the law,
  • neuroscience,
  • and philosophy.
De-Emphasis on Rationality

• By increasing awareness of alternate ways to make decisions, decision makers can strengthen their decision-making capabilities by building on the diversity of approaches.

• While the traditional approach to decision making emphasizes the importance of rationality, this book de-emphasizes its significance, because:
  – As is well established, people often do not approach decision making in a rational way, so effective decision makers must learn to accommodate the non-rational and irrational if they are going to make meaningful decisions.
  – It is not clear what rationality means when dealing with groups of two or more people who are involved in a decision-making effort. For example, in a presidential election, is voting for Obama (or Romney) less rational than voting for Romney (or Obama)?
Different Perspectives on Decision Making.

• This book holds that neither perspective on rational decisions is particularly significant when dealing with ill-defined mindful decisions of consequence.

• Ill-defined mindful decisions of consequence, in contrast, are generally messy. They entail multiple players with conflicting perspectives.
Complexity

• The problems being addressed are complex and multilayered.
• The ultimate decisions associated with them cannot be externally validated as correct or incorrect. While the findings of the behavioral economists’ studies are interesting and sometimes amusing, they have little bearing on the decisions of consequence most decision makers address.
Decision Making and Utility?

• Consider also the second perspective on rational decisions, which holds that decisions are rational if they align with an individual’s utility function. The idea behind this proposition makes sense when dealing with individuals who have clearly defined preferences. When they take actions that work against their self-interest, you can argue that their behavior is irrational.

• When dealing with decisions of consequence, however, this approach to ascertaining the rationality of decisions does not hold up. Once you bring other players into the decision-making milieu, you are dealing with multiple utility functions. How do you aggregate multiple utility functions in a meaningful way, particularly if they reflect opposing preferences?
Questions for Thought

• Carry out independent background research on paradigms. The Internet has plenty of discussion on this topic. If you want to go to the original source on paradigms, get a hold of Thomas Kuhn’s classic work, *The Structure of Scientific Revolutions* (originally published in 1962). This is the work that introduced the paradigm construct.
   • When we talk about paradigms, what are we referring to?
   • Provide an example of a dominant paradigm in some field—for example, in science, economics, psychology, business, or engineering. What traits does your example possess that makes it a paradigm?
   • What is a paradigm shift? Provide an example of a paradigm shift.
   • What are the key components of the traditional decision-making paradigm?
   • What might a paradigm shift in decision making entail? Be specific.
Questions for Thought

• All decisions occur in a milieu of constraints. Briefly describe an important decision you have been involved with. What were the major constraints you or other decision makers faced when making this decision? How did these constraints affect the decision outcome?
Questions for Thought

• Identify five routine decisions you made in the past twenty four hours. For each decision, what were the principal decision-related challenges you faced? To what extent were these challenges handled at the conscious level when making your decision (i.e., did you reflect on them before making the decision? Did your reflections inform the decisions?)?


