Virtuousness as a source of happiness in organizations

By: Kim S. Cameron and Arran Caza


***© 2013 Oxford University Press. Reprinted with permission. No further reproduction is authorized without written permission from Oxford University Press. This version of the document is not the version of record. ***

Abstract:

This chapter reviews the literature concerning the relationship between happiness and collective virtuousness in organizations to understand how organizational virtue may foster happiness. While relatively little research has examined this question, what work exists provides evidence that organizational virtuousness contributes to happiness in three ways: amplifying effects, buffering effects, and heliotropic effects. Each of these effects is explained in light of existing theory, and their implications for future research are discussed.

Keywords: positive organizational scholarship | virtuousness | happiness | organizational performance

Book chapter:

In this chapter, we examine the relationship between virtuousness and happiness in organizations. More specifically, we examine how virtuousness may contribute to and enable happiness in organizational settings. Our review confirms prior evidence about the relationship between virtuousness and individual happiness (i.e., positive affect) and between happiness and individual behavior (e.g., engagement), but we find that the relationship between these factors and organization-level performance and collective happiness has been largely absent in past research. We address this link in this chapter.

To begin, it is important to be clear about the definitions of the two key concepts examined in this chapter, namely “happiness” and “virtuousness.” Happiness has been defined in a variety of ways (Kesebir & Diener, 2008; Kristjansson, 2010), but the two primary approaches to happiness refer to “hedonic” happiness—denoting durable subjective well-being consisting of life satisfaction and a preponderance of positive feelings and relatively few negative feelings (e.g., Diener, Suh, Lucas, & Smith, 1999)—and to “eudaimonic” happiness—denoting doing what is right or virtuous and pursuing meaningful, enduring, growth-producing goals (Seligman, 2002; Sheldon & Elliott, 1999; Warr, 2007). Hedonic happiness is similar to life-satisfaction, whereas
eudaimonic happiness is similar to life-fulfillment. Hedonic happiness may be equated with pursuing the pleasurable life, whereas eudaimonic happiness may be equated with pursuing the good life (Gavin & Mason, 2004; Seligman, 2002).

The concept of virtuousness has also been defined in a variety of ways, for example, as goodness for its own sake, as the best of the human condition, as the most functional attributes for the human species, and as personal and social betterment (Chapman, & Galston, 1992; Comte-Sponville, 2001; Dent, 1984; MacIntyre, 1984; Weiner, 1993). Rooted in the Latin word *virtus*, or the Greek *arête*, meaning excellence, virtuousness was described by Plato and Aristotle as the desires and actions that produce personal and social good. More recently, virtuousness has been described as the best of the human condition, the most ennobling behaviors and outcomes of people, the excellence and essence of humankind, and the highest aspirations of human beings (Cameron, 2011). The meaning of virtuousness has shifted, in other words, from being a means to another more desirable outcome to representing an ultimate good itself.

It seems reasonable that virtuousness and happiness would be strongly associated with one another inasmuch as they share an emphasis on eudaimonism, which is the assumption that an inclination exists in all human beings toward excellence or goodness for its own sake (Aristotle, *Metaphysics*; Dutton and Sonenshein, 2007). Another similarity between happiness and virtuousness is that both have been the focus of relatively little research in the organizational studies literature. However, as described next, there is reason to believe that both are relevant concerns for organizational studies. As such, this chapter reviews what is known about the connections between happiness and virtuousness in organizations and uses that review to suggest future directions for research.

In keeping with this goal, we focus on the organization level of analysis. That is, we examine these two concepts at the collective level, so that the manifestations of happiness and of virtuousness are in organizations, and not solely within single individuals. In organizational research, proxies for organizational happiness have included job satisfaction, engagement, thriving, flourishing, positive affect, morale, and positive climate (Fisher, 2010; Warr, 2007). In organizational research, proxies for virtuousness have included corporate social responsibility, business ethics, prosocial behavior, and citizenship (George, 1991; McNeely & Meglino, 1994; Piliavin & Charng, 1990). None of these latter terms is exactly synonymous with organizational virtuousness, however, so we will clarify the definition of organizational virtuousness before proceeding.

**Organizational Virtuousness**

An important aspect of the original Greek term for virtue (*arête*) is that it can be applied at both the individual and collective level (Schudt, 2000). That is, while one could refer to a virtuous individual, it is equally valid to refer to a virtuous family or group. Consistent with this interpretation, there is a substantial body of research that examines virtuousness at the collective level, particularly in families (McCubbin, Thompson, Thompson, & Fromer, 1998; Sandage & Hill, 2001; Stinnett & Defrain, 1986; Walsh, 2006). The notion of collective virtuousness has since been extended to organizations on the basis that other kinds of collectives also can be more
Virtuousness in organizations refers to the behavior of individuals in organizational settings, and a growing literature on this topic is emerging in the field of positive psychology (Baer & Lykins, 2011; Peterson & Seligman, 2004). The manifestation and consequences of hope, gratitude, wisdom, forgiveness, compassion, resilience, and other similar virtues are receiving substantial attention in the psychological literature (Emmons, 1999; Harker & Keltner, 2001; McCullough, Pargament, & Thoreson, 2000; Peterson & Bossio, 1991; Seligman, 2002; Snyder, 1994; Sternberg, 1998). For example, individual virtuousness has been found to predict desired outcomes such as individual's commitment, satisfaction, motivation, positive emotions, effort, physical health, and psychological health (Andersson, Giacalone, & Jurkiewicz, 2007; Cameron & Caza, 2004; Dutton, Worline, Frost, & Lilius, 2006; Emmons, 1999; Fry, Vitucci, & Cedillo, 2005; Giacalone, Paul, & Jurkiewicz, 2005; Gittell, Cameron, Lim, & Rivas, 2006; Grant et al., 2007; Harker & Keltner, 2001; Kellett, Humphrey, & Sleeth, 2006; Luthans, Avolio, Avey, & Norman, 2007; McCullough, Pargament, & Thoreson, 2000; Peterson & Bossio, 1991; Seligman, 2002; Snyder, 1994; Sternberg, 1998).

Virtuousness through organizations refers to the role of formal groups in fostering and sustaining eudemonic action. Virtuousness through organizations has rarely been examined, and the manifestation of collective virtuousness has only recently been investigated in organizational research. Although studies of business ethics, corporate social responsibility, and citizenship behavior have been conducted, virtuousness is unique from these concepts—as we explain in the next section—and organizational manifestations of virtuousness and its consequences remain under-developed both theoretically and empirically. This chapter reviews what is known about virtuousness through organizations.

The Irony of Organizational Virtuousness

One of the key attributes of virtuousness is that it is not a means to obtain another end, but it is considered to be an end in itself (Bright, Cameron, & Caza, 2006; Ilies, Nahrgang, & Morgeson, 2007). Virtuousness is most closely associated with what Aristotle labeled goods of first intent—in other words, “that which is good in itself and is to be chosen for its own sake” (Metaphysics XII, p. 3). In fact, virtuousness in pursuit of another more attractive outcome ceases, by definition, to be virtuous (Comte-Sponville, 2001). Forgiveness, compassion, and courage in search of recompense are not virtuous. If kindness toward employees is demonstrated in an organization solely to obtain compliance or an economic advantage, for example, it ceases to be kindness and is, instead, manipulation. Virtuousness is associated with social betterment, but this betterment extends beyond self-interested benefit. Virtuousness creates social value that transcends the instrumental desires of the actor (Aristotle, 1998). Virtuous actions produce advantage to others in addition to, or even exclusive of, recognition, benefit, or advantage to the actor (Cawley, Martin, & Johnson, 2000).

This intrinsic aspect of virtuousness in organizations distinguishes it from participation in normatively prescribed corporate social responsibility, sponsoring environmentally friendly programs, or utilizing renewable resources (Bollier, 1996). Whereas some activities included in
the corporate social responsibility and corporate citizenship domains may represent organizational virtuousness, these activities are typically understood to be motivated by instrumental benefit or exchange relationships. That is, engagement in these actions is initiated to benefit the firm, or the actions result from a reciprocal arrangement between stakeholders (Batson, 1994; Fry, Keim, & Meiners, 1982; Moore & Richardson, 1988; Piliavin & Charng, 1990; Sánchez, 2000). Exchange, reciprocity, and self-serving motives, however, are inconsistent with virtuousness. Barge and Oliver (2003) and Gergen (1999) argued that associating an instrumental motive with organizational virtuousness changes the nature of the relationships among organization members and causes the behavior to evolve into “another technique of manipulation and discipline” (Barge & Oliver, 2003, p. 11). Of course, virtuousness does not stand in opposition to concepts such as citizenship and social responsibility, but it extends beyond them.

The same is true of ethics. To date, the dominant (although not exclusive) emphasis in the ethics literature has been on avoiding harm, fulfilling contracts, and obeying the law (Handselsman, Knapp, & Gottlieb, 2002). In practice, ethics are understood and implemented as duties (Rawls, 1971). They are usually specifications designed to avoid injury or to prevent damage (Orlikowski, 2000). Virtuousness, on the other hand, represents the highest aspirations of human kind and the pursuit of excellence or eudaimonism, not just avoiding harm.

The irony in virtuousness, therefore, is that while it does not require a visible, instrumental pay-off to be of value, attention to virtuousness usually becomes subservient to the demands of enhancing financial return and organizational performance (Davis, 2008; Jensen, 2002). Few leaders invest in practices or processes that do not produce higher returns to shareholders, profitability, productivity, and customer satisfaction. In other words, without tangible benefit, those who manage organizational resources tend to ignore virtuousness. If organizational virtuousness is to be pursued, evidence of pragmatic utility must usually be provided. This creates a motive for investigating the relationships between virtuousness and tangible outcomes in organizations. Only a few studies have explored these relationships, and the key results of those investigations are summarized next.

**Virtuousness and Happiness-Related Outcomes**

In the organizational studies literature, happiness per se is not a commonly studied outcome. Instead, proxies are used that measure elements related to happiness, such as job satisfaction, positive affect, engagement, positive climate, and organizational commitment (Fisher, 2011). As mentioned earlier, these outcomes have most frequently been studied at the individual level of analysis where an extensive literature documents the effects of individuals’ virtuous behaviors on others. For example, one study found that experiences of hope and gratitude prompted workers to feel more responsibility to care for coworkers and society as whole but had no effect on their felt responsibility toward economic performance (Andersson et al., 2007; also see O’Donohoe & Turley, 2006). Another study linked character strengths and virtuousness to concern about corporate social performance (Giacalone, et al., 2005). For example, the traits of spirituality (transcendent ideals and a desire for meaning in community) and generativity (concern for future generations) were associated with inclinations toward involvement in social responsibility. In addition to one's own virtue evaluations, the behaviors and expressed beliefs of others have been
found to have an important influence on individual behavior (Bandura, 1986; Collins, 1996; Festinger, 1954; Wheeler & Miyake, 1992), so that one person's virtuous action can shape the experiences and behavior of others in the organization (Giacalone & Promislo, 2010; Tangney et al., 2007). Such studies are examples of virtuousness in organizations.

In contrast to this growing literature, investigations of virtuousness through organizations have been comparatively rare. One series of studies examined the effects of virtuousness in organizations on the consequences of downsizing. Cameron and colleagues (Cameron, Bright, & Caza, 2004; Cameron & Caza, 2002) conducted a series of studies in which indicators of virtuousness and of performance were assessed in organizations. One study investigated eight independent business units randomly selected within a large corporation in the transportation industry. All eight units had recently downsized, so that the well-documented negative effects associated with downsizing were expected to ensure deteriorating performance and unhappiness among all groups of stakeholders (Cameron, 1994, 1998). Organizational virtuousness scores for each business unit were measured by survey items measuring compassion, integrity, forgiveness, trust, and optimism (concepts included on lists of universally valued virtues, such as in Chun, 2005; Peterson & Seligman, 2004). Organizational performance outcomes consisted of objective measures of organization performance (e.g., productivity, efficiency, customer claims) as well as proxies for happiness (e.g., commitment and satisfaction). The results revealed significant relationships between organizational virtuousness scores and both performance outcomes and happiness indicators.

Consistent results were reported by those authors’ other studies. For example, the same dimensions of virtuousness in organizations were linked to positive outcomes in a study of recently downsized firms in 16 different industries. Indicators of happiness among employees, happiness among customers, and organizational performance were all significantly higher in organizations demonstrating the most virtuousness.

In still another investigation, Bright, Cameron, and Caza (2006) distinguished between tonic virtuousness (virtuousness that occurs irrespective of conditions, such as trust and meaningfulness) and phasic virtuousness (virtuousness that depends on the occurrence of negative circumstances, such as forgiveness when harm is done or courage when danger is present) at the organizational level. They found that both served a buffering function against the negative effects associated with downsizing. Buffering refers to enhancing an organization's capacity to absorb shocks, recover, and heal relationships. Where organizations scored high in virtuousness, they were also more proficient at maintaining morale (happiness) and performing effectively in spite of the challenges associated with downsizing. Virtuousness was found to provide a form of resilience in organizations (Sutcliffe and Vogus, 2003).

A different kind of downsizing study was conducted in the USA airline industry after the tragedy of September 11, 2001 (Gittell et al., 2006). The tragedy of 9/11 led to enormous financial losses for US airline companies, and this study examined the extent to which different firms handled those financial setbacks in virtuous ways. Following 9/11, all US airline companies felt compelled to downsize in order to survive, but some did so in ways that were more virtuous than others (e.g., reduced hours, voluntary leave, or pay cuts rather than terminations and layoffs). Virtuousness in this study was defined as implementing practices and strategies that preserved
human dignity, supported individual development, and provided an environment in which employee well-being was a priority. Controlling for unionization, fuel price hedging, and financial reserves, the study found that the correlation between the companies’ virtuousness during the crisis and financial return (as measured by stock price gains) was very high \((r = 0.80)\) over the next 5 years. The more virtuousness the organization demonstrated in responding to financial losses caused by 9/11, the better was its financial performance. Employee satisfaction (happiness) scores followed this same pattern and were argued to be a key explanatory mechanism in the relationship between virtuousness and performance.

The studies reviewed thus far have offered relatively strong initial support for a link between organizational virtuousness and the outcomes of happiness and performance. However, they were all cross-sectional studies. As a result, the question of causality remains unanswered. Does virtuousness produce happiness and higher performance, or is the relationship reversed (e.g., happy employees collectively perceive and enact more virtuousness)? Two studies, conducted by Cameron, Mora, Leutscher, and Calarco (2011) have explored this issue.

In both studies, virtuous practices were defined as collective behaviors characteristic of organizations in six categories: *caring* (people care for, are interested in, and maintain responsibility for one another as friends), *compassionate support* (people provide support for one another including kindness and compassion when others are struggling), *forgiveness* (people avoid blaming and forgive mistakes), *inspiration* (people inspire one another at work), *meaning* (the meaningfulness of the work is emphasized, and people are elevated and renewed by their work), and *respect* (people treat one another with respect and express appreciation for one another as well as trusting one another to maintain integrity). The two studies examined the time-lagged associations between these six virtues and various outcomes to assess causality.

The first study investigated 40 financial service organizations. Monetary returns and a win-at-all-costs climate are typically characteristic of this business sector (Burrough & Helyar, 1990; Jensen, 2002; Korten, 2001; McLean & Elkind, 2003), which might seem to argue against benefits from virtuousness. Nonetheless, employees’ ratings of the organizations’ virtue practices predicted happiness and performance outcomes 1 year later. Time 1 virtuousness was linked to Time 2 proxies for happiness (e.g., employee retention, positive organizational climate), as well as with time 2 measures of financial performance. Organizations that supported and maintained virtuous practices produced greater happiness and higher performance 1 year later.

In the second study, 29 organizations in the healthcare industry were investigated to determine if changes in virtuousness scores would produce changes in organizational outcomes. Two findings of interest emerged from this study. One was that organizations with higher scores in virtuousness also had better subsequent outcomes, including patient satisfaction, employee satisfaction, employee retention, interpersonal relationship quality, employee engagement, working climate, and external evaluations of quality of care. These results were similar to those found in financial service organizations. The second important finding was that organizations which improved their virtuousness scores over a 2-year period also experienced significant improvement in the outcomes above, subsequent to the gains in virtuousness. Organizations improving the most in virtuousness also produced the most gain in outcomes during subsequent years.
These studies provide supportive evidence that virtuousness in organizations is associated with, and may even produce, outcomes related to happiness—such as employee satisfaction, retention, interpersonal relationship quality, work engagement, and positive working environment—as well as outcomes related to organizational performance—such as profitability, productivity, and quality. Of course, as stated earlier, the worth of virtuousness in organizations does not require that it be associated with other outcomes; virtuousness is of inherent worth. Nonetheless, the pragmatic utility associated with virtuous organizational practices may assist leaders in their efforts to maintain or pursue virtue when faced with stakeholder demands for measurable results, when helping organizations find ways to improve mandated performance measures, or when trying to lead an organization through trying times.

**Explanations for the Virtuousness—Happiness Connection**

At least three explanations have been advanced for how organizational virtuousness contributes to happiness and performance: *amplifying effects*, *buffering effects*, and *heliotropic effects*. Whereas these explanatory mechanisms have not been tested directly, each is grounded in existing literature which provides a rationale for their role in linking virtuousness to happiness in organizations. Each appears to have both social and biological foundations (Kok & Fredrickson, 2010; Lawrence & Norhia, 2002).

**Amplifying effects**

Organizational virtuousness provides an amplifying effect because of its association with positive emotions and with social capital (Cameron, Bright, & Caza, 2004). Several authors have reported that exposure to virtuousness produces positive emotions in individuals, which, in turn, leads to elevation in individual performance in organizations (Fineman 1996; Fredrickson, 1998; Seligman, 2002; Staw, Sutton, & Pellod, 1994; Tutu, 1999). When organization members observe compassion, experience gratitude, or witness forgiveness, for example, they experience positive emotions and a mutually reinforcing cycle begins. Fredrickson (2003, p. 173) reported that since “elevation increases the likelihood that a witness to good deeds will soon become the doer of good deeds, then elevation sets up the possibility for some sort of upward spiral… and organizations are transformed into more compassionate and harmonious places.” This effect is also well documented in the social networks literature (Christakis & Fowler, 2009). Virtuousness tends to increase individual happiness, which leads to more virtuous behavior, which, in turn, fosters increased happiness.

A second rationale for the amplifying effects of virtuousness is its association with social capital formation (Baker, 2000; Coleman, 1998). Social capital in organizations refers to the relationships among individuals through which information, influence, and resources flow (Adler & Kwon, 2002; Leana & Van Buren, 1999; Nahapiet & Ghoshal, 1998). Several researchers have reported that when employees observe displays of virtuousness among fellow employees—for example, sharing, loyalty, advocacy, caring—the results are increased liking, commitment, participation, trust, and collaboration (Koys, 2001; Podsakoff, MacKenzie, Paine, & Bachrach, 2000; Walz & Niehoff, 2000). Staw and Barsade (1993) found, for example, that improved cognitive functioning, better decision making, and more effective interpersonal
relationships occurred when social capital is high. Employees were more helpful to customers, more creative, and more attentive and respectful to one another (George 1998; Sharot, Riccardi, Raio, & Phelps, 2007). These behaviors tended to propagate themselves throughout the organization via social capital.

These enhanced relationships serve as the social capital upon which organizational performance is built. That is, the positive emotions (or happiness) that emerge from exposure to virtuousness produce the necessary social capital that organizations need to effectively perform. Organizational effectiveness is therefore likely to be enhanced, because amplifying virtuousness fosters greater degrees of social capital in the form of collaboration, growth-producing interpersonal relationships, and respectful engagement. This form of capital amplifies itself and elevates organizational performance.

Buffering effects

Virtuousness also buffers the organization from the negative effects of trauma or distress by enhancing resiliency, solidarity, and a sense of efficacy (Masten et al., 1999; Weick, Sutcliffe, & Obstfeld, 1999). Seligman and Csikszentmihalyi (2000) pointed out that the development of virtuousness serves as a buffer against dysfunction and illness at the individual and group levels of analysis. They reported that compassion, courage, forgiveness, integrity, and optimism prevent psychological distress, addiction, and dysfunctional behavior (also see Seligman, Schulman, DeRubeis, & Hollon, 1999). This buffering enhances happiness and performance by reducing, or even preventing, the diminishing effects of otherwise deleterious environmental events.

At the group and organization levels, virtuousness enhances the ability to absorb threat and trauma and to bounce back from adversity (Dutton, Frost, Worline, Lilius, & Kanov, 2002; Wildavsky, 1991), including absorbing work related stress (Cohen, 2003; Kaplan, 2003; Kiecolt-Glaser, 2003), and healing from traumatic events (Powley & Cameron, 2006). Virtuousness serves as a source of resilience and “toughness” (Dienstbier & Zillig, 2002), in other words, it helps to preserve relationships and collective efficacy (Sutcliffe & Vogus, 2003), as well as to strengthen, replenish, and limber organizations (Worline et al., 2003). It serves as a buffering agent that protects and inoculates organizations, permitting them to bounce back from misfortune and to avoid deteriorating happiness.

Heliotropic effects

Virtuousness also possesses attributes consistent with heliotropism (Drexelius, 1627/2009). The heliotropic effect is the attraction of all living systems toward positive energy and away from negative energy, or toward that which is life-giving and away from that which is life-depleting (D’Amato & Jagoda, 1962; Mrosovsky & Kingsmill, 1985; Smith & Baker, 1960). Organizations characterized by virtuousness foster positive energy among members, and positive energy produces elevated performance (Cameron, 2008b; Dutton, 2003; Erhardt-Siebold, 1937).

Several explanations have been proposed for why heliotropic tendencies exist in human beings and their systems. Erdelyi (1974) explained positive biases as a product of individual cognitive
development. Perceptual defense mechanisms (e.g., denial, displacement) emerge to counteract the effects of negative information, so inclinations toward positivity develop in the brain. In brain scan research, Sharot et al. (2007) found that the human brain tends toward optimistic and positive orientations in its natural state, and that more areas of the brain activate when positive and optimistic images are processed compared to negative or pessimistic images. Unkelbach, Fiedler, Bayer, Stegmuller, & Danner (2008) reported a series of studies showing that the human brain processes positive information faster and more accurately than negative information, so human productivity and performance are elevated by the positive more than the negative. Learning theorists (e.g., Skinner, 1965) explain positive biases as being associated with reinforcement. Activities that are positively reinforcing are repeated while activities that are punishing or unpleasant are extinguished.

The eudaimonic tendency in human beings leads people toward helping or contributing behaviors (Krebs, 1987), and when others observe these behaviors they feel compelled to join with and build upon those contributions (Sethi & Nicholson, 2001). Gouldner (1960) proposed that role modeling and social norm formation create this link between virtuousness and happiness in that positive social processes are more likely to survive and flourish over the long run than negative social processes because they are functional for the group. Collectives survive when they rely on positive norms, and these norms are a direct product of demonstrated virtuousness. Evolutionarily, the dysfunctional effects of non-virtuousness eventually cause them to become extinguished.

As we have shown, the literature provides at least three potential explanations for why virtuousness is predictive of happiness in organizations. Cognitive, emotional, behavioral, physiological, and social evidence suggests that human systems naturally prefer exposure to virtuousness, so it not surprising that happiness and organizational performance would be enhanced.

Future Research

Because the quantity and scope of research on virtuousness in organizations has been limited, a variety of important research questions remain to be investigated. Among the key areas of needed research are: (1) the measurement of virtuousness, (2) the predictive power of virtuousness, and (3) the moderators and mediators of the effects of virtuousness on outcomes.

Measurement

To date, no standardized measures have been developed for assessing the concept of organizational virtuousness or its component elements. Two different instruments have been used in the studies mentioned in this chapter, but both measured a limited selection of specific virtues. The psychometric analyses that have been conducted to date (e.g., Cameron, Bright, & Caza, 2004; Cameron et al., 2011) have not provided a rationale for why some virtues are assessed and others are excluded. More generally, the conceptual boundaries and nomological network have yet to be precisely established for the concept of virtuousness, and, therefore, the groundwork for theories of virtuousness has not yet been fully established. Clarifying the nature and measurement of organizational virtuousness is an important challenge for future research.
Clarifying the relationships among organizational virtuousness and various outcomes is another important area to be addressed. The surveys used to assess organizational virtuousness to date might be referred to as “blunt” instruments in that they provide aggregated ratings of virtuous practices in organizations. Thus far, aggregated virtuousness scores in companies have been found to predict outcomes, but no single virtue appears to account for a great deal more variance than others. This may be a product of imprecise measurement, or it may be a product of virtues not being displayed in isolation from one another. If the latter is true, then investigations of which clusters of virtues occur naturally together in organizations would be useful.

Moreover, identifying which virtues (or clusters) are most closely associated with which outcomes is also an important area for study. For example, one might ask whether tonic virtues (such as love and integrity) are more or less predictive of happiness than phasic virtues (such as forgiveness and compassion). Experimental manipulations and carefully designed organizational interventions will help to clarify the various effects of organizational virtuousness.

Further, in the studies reviewed which described investigations of causal associations, interventions occurred that exposed organizations to virtuous practices, and some organizations subsequently improved their scores. It is not clear, however, which specific interventions were most helpful in raising organizational virtuousness scores in which domains. Determining explicitly how to assist organizations in becoming more virtuous is an area of needed investigation.

In addition, consistent with Gladwell's (2002) concept of a “tipping point,” it is important to understand how much virtuousness is sufficient. Is there a ratio—such as the now well-established 3:1 ratio of positive to negative emotions which predicts flourishing outcomes (Fredrickson, 2009)—that also maximizes the happiness associated with organizational virtuousness? How much virtuousness is enough?

Moderators and mediators

Another set of issues has to do with the extent to which virtuousness has direct or moderated effects on outcomes. Some studies have been cited that directly link organizational virtuousness with happiness and other outcomes, but causal associations and explanations have not yet been examined. Cameron (2003) summarized literature suggesting that virtuousness elevates positive emotions which, in turn, fosters higher performance. Virtuousness also enhances social capital which reduces transaction costs, facilitates communication and cooperation, enhances employee commitment, fosters individual learning, and strengthens relationships and involvement. Given these observations, it may be true that organizational virtuousness contributes to happiness by enhancing the number and quality of relationships that employees have at work. Alternatively, since virtuousness also fosters prosocial behavior, the amplifying or “contagious” nature of virtuous behavior may be the key to explaining why employees in virtuous organizations appear to be happier.
Similarly, other factors may moderate the effects of virtuousness in organizations, but to date, almost no attention has been paid to what these factors might be. For example, differences such as the size of an organization, its culture, the demographic make-up of the top management team, the explicit goals and strategy of the organization, or certain industry dynamics may influence the relationship between virtuousness and happiness. Investigating which factors, if any, serve as moderators and mediators of the organizational virtuousness-happiness relationship will certainly be a fruitful area for future investigations.

Conclusion

At the individual level, it has been established empirically that virtuousness produces happiness, at least as measured by proxies such as satisfaction with work, personal well-being, reduced intention to quit, reduced conflict, and social satisfaction (Cooper, Okamura, & Gurka, 1992; Donovan, 2000; Foster et al., 2004; Lyubomirsky, King, & Diener, 2005; Van Katwyk, Fox, Spector, & Kelloway, 2000). For example, engaging in virtuous action leads to increased positive affect and reduced negative affect (Fineman, 1996; Fredrickson, 1998; Seligman, 2002; Staw, Sutton, & Relled, 1994; Tutu, 1999). In fact, the emotional power of virtuous action is such that simply witnessing another's deeds can increase one's positive affect (Christakis & Fowler, 2009; Fredrickson, 2003). Moreover, positive emotion tends to produce increased cognitive functioning, better decision making, creativity, and physical health (Cohn & Fredrickson, 2006; Fredrickson, 2001; Johnson, Waugh, & Fredrickson, 2010; Sharot et al., 2007; Staw & Barsade, 1993), all of which can in turn contribute to increased happiness, or satisfaction with aspects of one's life (Kesebir & Diener, 2008; Lyubomirsky et al., 2005).

It has also been established that happiness (as measured by positive emotions) affects individual performance at work by increasing job performance, support provision, and social interactions while also reducing work withdrawal and counterproductive work behavior (Baldassare, Rosenfield, & Rook, 1984; Donovan et al., 2000; George, 1995; Harter, Schmidt, & Keyes, 2002; Junct & Hinsz, 2001; Philips, 1967). Luthans and colleagues (2007) found, for example, that psychological capital (i.e., resilience, hope, optimism, and self-efficacy) produced happiness in employees which, in turn, predicted motivation, commitment, and intention to stay.

The questions that remain to be answered concern the dynamics between virtuousness and happiness at a collective level. This chapter has summarized the arguments for virtuousness as a collective phenomenon and the preliminary empirical data linking organizational virtuousness to happiness and to organizational performance. Evidence suggests that when organizations implement and encourage virtuous practices, desired performance and employee happiness increases. However, much work is left to be done in this area before it is clear how the collective aspects of virtuousness influence the happiness of employees, other stakeholders, and organizational outcomes.

References


Erhard-Seibold, E. V. (1937). The heliotrope tradition. *Orisis*, 3, 22–46. Find this resource:


