

Organizational virtue

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Abstract:

This chapter considers positive organizational scholarship's empirical research on the phenomenon of organizational virtue, which refers to the virtuous characteristics embodied in organizations as collectives. The nature of organizational virtue is discussed, relative to psychological and virtue ethics perspectives. Research findings are summarized, including a consideration of the mechanisms of buffering and amplifying that are presumed to underlie the observed relationships among organizational virtue and various outcomes. The chapter concludes with a reflection on future directions for the study of organizational virtue.

Keywords: Positive organizational scholarship | Virtue | Virtues | Organizational virtue | Organizational virtuousness

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Introduction

This chapter summarizes findings from positive organizational scholarship (POS) studies of organizational virtue. POS is a twenty-first century development in the social sciences, which is concerned with studying the characteristics and processes of positive outcomes in organizations (see Cameron 2003; Caza, An Introduction to Positive Organizational Scholarship, this volume). A key element of POS is the study of virtue and particularly virtue at the organizational level (Caza and Cameron 2008). Such organization-level empirical studies are the focus of this chapter, which is organized in four sections discussing the nature of organizational virtue, empirical findings about the consequences of organizational virtue, theoretical mechanisms explaining those consequences, and future directions for study.

Before beginning, it should be noted that this review was conducted by adopting the ontological and epistemological perspectives of the studies in question. Potential concerns with the POS perspective have been noted elsewhere (e.g., Caza and Carroll 2012), but in this chapter, the studies are considered in their own terms, which others have called the “empirical organizational” approach to virtue ethics (Ferrero and Sison 2014). As a result, there are

discrepancies between “virtue” as used here and the way in which it is traditionally understood in the study of virtue ethics. For a thorough examination of these differences, see D.S. Bright (Positive Organizational Scholarship and Virtue Ethics, this volume).

Organizational Virtue

POS scholars, especially Cameron and colleagues (Bright et al. 2006a; Cameron and Caza 2013; Caza et al. 2004), have argued for the appropriateness of studying organizational virtue. They note that the concept of virtue derives from the Greek *arête*, a term that was applied both to individuals and collectives. Cameron and Caza (2002) noted that prior research demonstrated the importance of collective virtuousness in families, groups, and communities, and so they argued that since organizations likewise had the potential to influence the virtuousness of their representatives’ actions, it was appropriate to refer to organizations as more or less virtuous (also see Pruzan 2001). As such, in contrast to those who explicitly deny the possibility of an organization literally having virtue (e.g., Whetstone 2005), POS research is premised on the belief that organizations have and exhibit varying degrees of virtue.

Although the argument is not always explicitly developed, POS studies of virtue seem to be based on three elements, which reflect the field’s origin in empirical psychology: (1) that organizations literally have character, (2) that attributions are how individuals understand the world, and (3) that people reliably anthropomorphize organizations. The first element consists in treating organizational stability as evidence of character. Organizations are routinely described as having characteristic qualities, in that their specific histories, routine practices, and leadership actions influence members in ways that make some behaviors more likely than others. To the extent that these influences are stable and consistent, POS scholars think of an organization as having a particular character. For example, an organization with systems in place that make it easier and more effective for members to respond with compassion may be referred to as a compassionate organization (Lilius et al. 2011).

The second element, the psychological importance of attributions, is fundamental to POS empirical research, but potentially represents a departure from other approaches to virtue ethics. Most POS studies examine whether or not an organizational action is virtuous in an absolute, context-independent fashion. The evaluation may be utilitarian, in assessing virtue based on the result produced (e.g., Cameron and Lavine 2006), or it may be deontological, reflecting some notion of universal good (e.g., Cameron et al. 2004), but in all cases the action is assessed on its own merits and taken as evidence of the organization’s character. While some have argued that treating actions as context-independent evidence of character represents a weak virtue ethics (Zagzebski 1996), this approach is consistent with attribution theory, which is a foundational theory in psychology and POS.

Attribution theory asserts that attributions – inferences made about the nature and intentions of others – are the essential means by which humans make sense of the world (Heider 1944). In an effort to understand why actions are taken, we observe the behavior of others and develop mental representations of those others; we think of them in ways that provide motivations for the actions we see them take. Evidence has shown that these mental representations tend to be relatively simple and based primarily on stable characteristics (Gilbert and Malone 1995). That is, rather

than considering the complexities of how a person's character and specific environment interact, we typically think "he is that sort of person, while she is this kind of person."

This tendency to form stable, character trait attributions provides the basis for the behavior-based approach of POS when combined with the third element, which concerns humanity's tendency to anthropomorphize. Individuals reliably think and talk about nonhuman entities as if they were people (Epley et al. 2008). We attribute feelings and intentions to objects; we react and relate to phenomena as if they were fellow individuals. This anthropomorphic tendency is particularly powerful in regard to organizations (Levinson 1965), as reflected in the fact that some legal systems grant personhood to business corporations (Mitchell 2001).

These three elements combine to provide the foundation for POS studies of virtue: organizations have a consistent, character-like quality in the way that they influence the actions of their agents; observers reliably attribute actions to stable character traits; and organizations are perceived and judged as if they were people (e.g., Chun 2005; Rhee et al. 2006). Thus, when we see an agent take a virtuous action on behalf of an organization, we are likely to attribute that action to a stable, person-like character embodied in the organization. Thus organizations are perceived to be more or less virtuous in their character.

In terms of what constitutes virtue, POS scholars have been somewhat equivocal (Caza and Carroll 2012). In most accounts, the authors treat the quality of virtue as self-evident, assuming that all observers would agree about the virtuousness of an action. Often with reference to Aristotle, virtue is described as that which is inherently good, intrinsically motivating, and instinctively preferred (e.g., Cameron et al. 2004; Cameron and Winn 2012; Dutton and Sonenshein 2009). In advancing these definitions of natural virtue, POS scholars often refer to consistent values found in world religions (e.g., Kanov et al. 2004) or empirical evidence that individuals make similar virtue attributions (e.g., Chun 2005). The specific virtues that are studied vary, though they tend to be better-known qualities such as courage, forgiveness, integrity, and compassion (Cameron et al. 2004; Chun 2005; Lilius et al. 2011). It should be noted that justice is a virtue of the sort that POS researchers study, but it will not be addressed in this chapter. The literature on organizational justice is too large and rich to fit here, and the work predates the field of POS by several decades.

Empirical Findings

To date, the empirical evidence from POS research suggests that organizational virtue can have many positive effects. The perception that an organization is virtuous predicts many desirable outcomes, which can be grouped into three broad categories. The first category of positive outcomes associated with organizational virtue is one of protection: several studies provide evidence that organizations with more virtue suffer less loss and fewer hardships in difficult circumstances (Bright et al. 2006a; Dutton et al. 2006; Gittell et al. 2006; Lilius et al. 2011). The second category of outcomes concerns individual responses, where it has been shown that stakeholders of various sorts have more positive attitudes and reactions to organizations they perceive as virtuous, including greater commitment (Lilius et al. 2008; Rego et al. 2010, 2011, 2013), stronger feelings of attachment (Chun 2009; Rhee et al. 2006), and deriving more satisfaction (Chun 2005; Waters 2012). Finally, a number of studies have linked organizational

virtue to greater individual, team, and organizational performance (Cameron et al. 2004, 2011; Manikandan and Anipriya 2014; Palanski et al. 2011; Rego et al. 2014).

Although the findings above are combined for parsimony, it should be noted that the specific virtues under consideration are highly variable across studies. Some studies examine the effect of specific organizational virtues (e.g., forgiveness, gratitude, or compassion), while others create composite measures of organizational virtue by combining perceptions of several virtues together (e.g., overall virtue score based on average of ratings on five different virtues). The researchers rarely give a rationale for their selection of specific virtues, and the choices are often inconsistent across studies. As a result, there seems to be strong evidence that organizational virtue, broadly defined, has positive effects, but the relative importance of and interactions among specific virtues remain to be explored.

Theoretical Mechanisms

Studies have only recently begun to examine the means by which organizational virtue influences outcomes. Moreover, in those studies, work has focused on identifying mediating states, rather than processes per se. So, for example, Rego and colleagues (2014) showed that organizational virtue predicted performance and did so by causing members to feel more potent or efficacious. While the identification of mediators is an important step forward, the details of the process by which organizational virtue has its effects remain to be empirically examined. Nonetheless, there has been theorizing about the likely mechanisms involved, and while different models have been offered (e.g., Dutton et al. 2006), POS researchers most frequently assume that the positive outcomes associated with organizational virtue are a result of two processes: buffering and amplifying (Cameron et al. 2011; Cameron and Caza 2013).

Organizational virtue appears to provide a *buffering* or protective effect that allows organizations and their members to resist the inevitable hardships of business (Dutton et al 2006). For example, a study of the post-9/11 US airline industry found that firms displaying more virtuous practices suffered less financial deterioration in the 5 years following 2001 (Gittell et al. 2006). The virtuous firms still lost money in the troubled airline industry, but they did not lose as much as their less virtuous competitors; they were buffered from the worst of the damage (also see Bright et al. 2006a).

Organizational virtue is presumed to contribute to buffering through the constructive nature of virtuous acts. There are obvious tangible benefits for the recipient of a virtuous deed, but there are also additional gains associated with the positive emotions experienced by all involved: performing a virtuous act makes the actor feel better, being the recipient of a virtuous act makes the target feel better, and witnessing a virtuous act will make bystanders feel better (Aquino et al. 2011; Rhee et al. 2006). These positive emotions enhance health, improve cognition, and build durable personal resources, such that even after the emotion has passed, the resources associated with it remain, improving the individual's ability to respond to challenges (Fredrickson 2009). Organizational virtue thus contributes to the ability of employees to respond to challenges that arise, creating a protective buffering effect (Bright et al. 2006a).

Organizational virtue is also theorized to have an *amplifying* effect that makes future virtue more likely. The experience of positive emotion produced by virtuous acts makes individuals more likely to engage in virtuous acts themselves (Fredrickson 2009), and those who see virtuous organizational acts tend to think of themselves as part of that virtuous collective (Rhee et al. 2006). As a result, virtuous organizational acts can create self-reinforcing spirals of virtuous action. A virtuous organization makes an initial virtuous act more likely, and those who benefit from or witness that act are more likely to engage in further virtuous acts, and so on (Bright et al. 2006a). In addition to being another source of buffering as described above, the virtuous acts prompted by the amplifying effect foster better relationships and stronger social ties among employees (Cameron and Caza 2013). Those who experience positive emotions together, and who perform virtuous acts for one another, feel a greater sense of community (Christakis and Fowler 2009). They are more likely to consider each other friends, and so the amplifying effect of organizational virtue should promote cooperation and social support in organizations, enhancing a range of outcomes.

Future Directions

Based on the foundation established by the studies reviewed above, there are a number of promising directions that future studies of organizational virtue might take. Three in particular seem especially important. The field would benefit from greater clarity about the nature of organizational virtue, more information about the processes and contingencies of organizational virtue's effects, and study of any potential problems or costs associated with organizational virtue.

Nature of organizational virtue. Somewhat ironically, POS research has revealed more about the effects of organizational virtue than it has revealed about organizational virtue itself. The content of virtue has been different – sometimes greatly so – in different studies, and there has been no clear rationale given for why specific virtues are studied while others are not. For example, Cameron and colleagues (2004) studied the joint effects of optimism, trust, compassion, integrity, and forgiveness, while Chun (2005) studied integrity, empathy, warmth, courage, conscientiousness, and zeal. Waters (2012) focused exclusively on gratitude, and Lilius and colleagues (2008) examined only compassion. It is not clear why these specific choices were made, as there is no shared understanding of what constitutes organizational virtue.

Similarly, there are three organizational virtue measures that have been used (Cameron et al. 2004, 2011; Chun 2005), but there has been little work done to understand the nature of these instruments, and no work has examined the relationships among them. For example, all three measures include integrity and compassion, but each measure also includes unique virtues that neither of the others include. As a result, it is not clear how the findings from one measure compare to those from another. Moreover, other authors have raised issues regarding dimensionality within specific virtues, for example, distinguishing between tonic and phasic virtues (Bright et al. 2006a), between the intensity and scope of a virtue (Dutton et al. 2006), or between collective virtue at the team and organizational levels (Palanski et al. 2011). There is much work yet to be done in terms of specifying the nature of organizational virtue, and until that work is done, any other research risks building on a tenuous foundation.

Processes and contingencies of organizational virtue. Some studies have identified specific states that mediate the effect of organizational virtue on outcomes, but much work remains to understand why and how organizational virtue generates certain effects. The reasons for selecting the mediators that have been studied are not clear; one might have imagined other, equally likely mediators that have not been tested. Similarly, there has yet to be any empirical test of the fundamental processes of buffering and amplifying. Most organizational virtue theory and findings assume that these effects occur, but there is no evidence one way or the other.

In addition, despite the tendency for POS scholars to build their claims on assumptions about natural or instinctive virtues that are universal, it seems inevitable that the reactions of individuals will be shaped by their context and their history. Since the recognition and measurement of organizational virtue are based on the attributions of individual observers, all of the biases that influence individual perception are likely to influence attributions of virtue. No research has examined these matters. Similarly, it seems improbable that perceptions of virtue are independent of history and context (e.g., Bright et al. 2006b). For example, while creativity and unconventional practice may seem virtuous in new product development, it would likely not seem so in auditing. Likewise, ambiguous actions may be interpreted quite differently depending on the history of the organizations taking them.

Disadvantages of virtue. To date, organizational virtue research has focused exclusively on positive outcomes. Little is known about whether, when, why, and how organizational virtue may produce undesirable effects (though see Simpson et al. 2014). Going forward, it will be important to examine all aspects of organizational virtue. For example, others have shown how helping co-workers or the organization as a whole can force the individual actor to pay a high personal cost (Bolino et al. 2013). Are there individuals in organizations who are unduly bearing the cost of producing virtue? What other undesirable consequences arise from organizational acts of virtue?

In a related matter, it should be noted that self-reinforcing spirals can work in both directions. For example, when discussing the amplifying effect (in which virtuous acts make other virtuous acts more likely), POS researchers tend to focus on the positive, virtue-increasing operation of this spiral, but logically, the reverse is equally true. If no one else is taking virtuous action, then any given individual is less likely to do so, and as a result a culture of non-virtuousness may be established. Understanding these sorts of potential effects will contribute to richer theory and thinking about organizational virtue.

Conclusion

In sum, the empirical evidence suggests that organizational virtue, understood as individuals' attributions that an organization's character is virtuous, can influence a variety of important outcomes. Employees and other stakeholders think of organizations as having a character, and their beliefs about that character's virtuousness shape their reactions to the organization. However, many opportunities remain to deepen and advance our understanding of the important construct of organizational virtue, as well as to integrate that understanding with the larger tradition of study in virtue ethics.

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