

Organizational Virtuousness and Performance ¹

Kim Cameron
University of Michigan Business School
Ann Arbor, Michigan 48109
734-615-5247
kim_cameron@umich.edu

Chapter 4
in
Cameron, K.S., Dutton, J.E., and Quinn, R.E. (2003) Positive Organizational Scholarship.
(pp. 48-65) San Francisco: Berrett-Koehler.

Organizational Virtuousness and Performance

A key component of positive organizational scholarship is the concept of virtuousness, as displayed in and through organizations. Rooted in the Latin word *virtus*, meaning strength or excellence, Plato and Aristotle described virtuousness 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, the excellence and essence of humankind, and the highest aspirations of human beings (Comte-Sponville, 2001; Weiner, 1993; Chapman, & Galston, 1992; Dent, 1984; MacIntyre, 1984). When encountered, virtuousness is highly prized and admired, and virtuous individuals are almost universally revered, emulated, and even sainted.

Virtuousness *in* organizations relates to the behavior of individuals in organizational settings, and a growing literature on this topic is emerging in the field of positive psychology (Seligman & Csikszentmihalyi, 2000; Snyder & Lopez, 2002). The manifestation and consequences of hope, gratitude, wisdom, forgiveness, compassion, resilience, and other similar virtues are beginning to receive substantial attention in the scientific literature (Snyder, 1994; Sternberg, 1998; Seligman, 2002; Peterson & Bossio, 1991; Harker & Keltner, 2001; MCCullough, Pargament, & Thoreson, 2000; Emmons, 1999). Virtuousness *through* organizations relates to enablers in organizations that foster and perpetuate virtuousness. Virtuousness through organizations has rarely been examined. Although studies of business ethics, corporate social responsibility, and citizenship behavior have been addressed (see Chapter 1 in this volume), virtuousness is unique from these concepts, and organizational manifestations of virtuousness and its consequences remain under-developed theoretically and empirically. This

is unfortunate because virtuousness is intimately tied to what is good to and for human beings, so its omission from scientific investigation leaves a void in understanding the full range of consequential organizational phenomena. This chapter's purpose is to examine the concept of organizational virtuousness, describe some initial empirical studies of organizational virtuousness and its relationship to performance, and propose an explanation for some of these associations.

The Concept of Organizational Virtuousness

Organizational virtuousness does not refer to an all or nothing condition. Neither individuals nor organizations are completely virtuous or non-virtuous. Rather, virtuousness in and through organizations can be manifest as single individuals' activities or as collective action, and characteristics of an organization's culture or processes may enable or disable virtuous deeds. Three key definitional attributes are associated with organizational virtuousness: *human* impact, *moral* goodness, and *social* betterment.

First, virtuousness is associated with human beings—with flourishing and moral character (Ryff & Singer, 1998; Doherty, 1995), with human strength, self-control, and resilience (Baumeister & Exline, 1999; 2000), and with meaningful human purpose and transcendent principles (Emmons, 1999; Dent 1984; Roberts 1988). Desires or actions without human effects are not virtuous. The structure of an organization, for example, is inherently neither virtuous nor non-virtuous since it does not necessarily have intrinsic positive or negative human impact. However, the structure of the firm, AES, was designed in a way that the firm's 10,000 employees are organized into small family groups, each with total responsibility for key decisions, hiring, purchasing, budgeting, etc. This structure was designed specifically to perpetuate flourishing interpersonal relationships, meaningful work, enhanced learning, and personal development

among employees (Baucus & Beck-Dudley, 2002). The intended positive human effects of this unique structure illustrate one key aspect of virtuousness in organizations—positive human impact.

Second, virtuousness is associated with *moral goodness*. It represents what is good, right, and worthy of cultivation (Peterson, 2003; McCullough & Snyder, 2000). Of course, much debate has occurred regarding what constitutes goodness and whether universal virtues can be identified, yet all societies and cultures possess catalogues of traits that they deem virtuous (Peterson & Seligman, 2002; Snyder & Higgins, 1997). 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), such as love, wisdom, and fulfillment. Virtuousness possesses inherent goodness, or is desirable for its own sake. On the other hand, goods of second intent include “that which is good for the sake of obtaining something else” (Metaphysics XII, p. 4), such as profit, prestige, or power. One indicator of the difference between goods of first and second intent is that people never tire of or become satiated with goods of first intent. That is not true of goods of second intent. The moral component of virtuousness is characterized by goods of first intent—that which is ennobling, honorable, and flourishing. It characterizes organizations as well as individuals, as discussed by Park and Peterson (Chapter 3), since both have moral goals and possess ideas of goodness.

Third, virtuousness is characterized by *social betterment*, but this betterment extends beyond mere self-interested benefit. Virtuousness creates social value that transcends the instrumental desires of the actor. It produces benefit to others regardless of reciprocity or reward (Aristotle, 1106a22-23). Forgiveness, compassion, and courage in search of recompense, for example, are not virtuous. In other words, demonstrating virtuousness is its own reward and is

not oriented toward obtaining external recognition, benefit, or advantage (Cawley, Martin, & Johnson, 2000). Virtuous actions produce advantage to others in addition to, or even exclusive of, advantage to the actor.

This implies that virtuous organizations do more than participate in normatively prescribed corporate social responsibility, sponsor environmentally friendly programs, or utilize renewable resources (Bollier, 1996). Whereas some activities included in the corporate social responsibility and corporate citizenship domain may represent organizational virtuousness, these activities are often explained as motivated by instrumental benefit or exchange relationships. That is, engagement in these actions is frequently initiated in order to acquire benefit to the firm or as a result of a reciprocity arrangement—e.g., to acquire a positive corporate reputation—(Batson, Klein, Highberger, & Shaw, 1995; Fry, Keim, & Meiners, 1982; Moore & Richardson, 1988; Piliavin & Charng, 1990; Sanchez, 2000; Weiser & Zadek, 2000). Exchange, reciprocity, and self-serving motives, however, are usually not indicative of virtuousness. Barge & 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, 2003:11).

Of course, virtuousness does not stand in opposition to concepts such as citizenship, social responsibility, or ethics, but it extends beyond them (see Table 1). These other terms focus on what is expected, customary, or instrumental in and for organizations. Virtuousness refers to behaviors that extend beyond these motivations toward fostering benefit to others irrespective of reciprocity (Peterson & Seligman, 2002 Sandage & Hill, 2001; Batson, 1994).

Table 1 summarizes some conceptual differences between virtuousness and other related concepts.

Table 1 goes here

One way to illustrate the concept of virtuousness in organizations is to locate it on a continuum, represented in Figure 1. This continuum depicts a state of normality or healthy performance in the middle, with a condition of negatively deviant performance on the left and a state of positively deviant performance on the right. Negative and positive deviance refer to aberrations from healthy functioning or normality, harmful on one end and virtuous on the other end (see Spreitzer & Sonenshein, Chapter 14).

Figure 1 goes here

At the *individual* level, the figure shows a condition of physiological and psychological illness on the left and healthy functioning in the middle (i.e., the absence of illness). On the right side is positive deviance, which may be illustrated by high levels of physical fitness levels or psychological flow (Csikszentmihalyi, 1990; Fredrickson, 2001; Einsenber, 1990). At the *organizational* level, the figure portrays conditions ranging from ineffective, inefficient, and error-prone performance on the left side, to effective, efficient, and reliable performance in the middle. On the right side is extraordinarily positive—or virtuous—organizational performance. The extreme right and left points on the continuum are qualitatively distinct from the center point. They do not merely represent a greater or lesser quantity of the middle attributes.

Seligman (2002) reported that more than 99 percent of psychological research in the last 50 years has focused on the left and middle points on the continuum. A large majority of medical research has also focused on the left and middle points (e.g., understanding and treating

illness) (Adler, 2002). Similarly, most organizational and management research has been conducted on phenomena represented by negative deviance and by phenomena at the middle point. More attention has been paid to solving problems, surmounting obstacles, battling competitors, achieving effectiveness and efficiency, making a profit, and closing deficit gaps than identifying the flourishing and life-giving aspects of organizations or closing abundance gaps. Less is known, therefore, about the right side of the continuum and the concepts that characterize it. It is on the right side of the continuum that virtuousness is manifest.

One irony associated with organizational virtuousness is that without demonstrated benefits, virtuousness has not captured much interest in organizational research. When no obvious advantages accrue or no positive outcomes are apparent, managers and organizational scholars tend to focus on instrumental phenomena. Timberland's CEO Jeffrey Schwartz illustrated this perspective with his comment: "If we don't make money, no amount of virtue will do our firm any good. Wall Street will ignore us, and we will soon be out of business. We must have bottom line performance for virtuousness in our firm to be taken seriously" (Schwartz, 2002). The inherent goodness of virtuousness in organizations, in other words, is unlikely to capture attention without pragmatic outcomes.

Despite the absence of empirical research, there is reason to expect that virtuousness in organizations may be linked to positive performance. For example, positive associations between virtues and individual performance have received an increasing amount of support in the positive psychology literature (see, for example, Chapters 3,6, and 8). Evidence suggests that the virtue of *forgiveness* is associated with broader and richer social relationships, higher satisfaction, greater feelings of empowerment, less physical illness, faster recovery from disease and injury, and less depression and anxiety (McCullough, 2000; Hope, 1987; Fitzgibbons, 1986;

Enright 1994; Witvliet, Ludwig, & Vander Lann, 2002). The virtues of *optimism* and *hope* are associated with better performance, more perseverance, and better moods at work (Peterson, 2000). Optimistic individuals have better social relationships as well as higher levels of physical health, academic and athletic performance, recovery from illness and trauma, pain tolerance, self-efficacy, and flexibility in thinking (Peterson, 1991; Snyder, 2000; Snyder, Rand, & Sigmon, 2002; Curry, Snyder, Cook, Ruby, & Rehm, 1997; Elliott, Witty, Herrick, & Hoffman, 1991). *Compassionate* persons demonstrate higher levels of helping behavior, moral reasoning, connectedness, and stronger interpersonal relationships, as well as less depression, reduced moodiness, and less mental illness (Bateman & Organ, 1983; Cassell, 2002; Blum, 1980; Nussbaum, 1998; Solomon, 1998). *Integrity* in individuals has been associated with higher levels of self-esteem, intimacy, self-regard, and positive affect (Harter, et al., 1996; Harter, 2002). It is also associated with productive interpersonal relationships, teamwork, effective decision making, participation, and positive climate in organizations (Harter, 2002; Gergen, 1999; Lerner, 1993). Other virtues (e.g., gratitude, love, humility) also have been found to have similar positive individual benefits (Snyder & Lopez, 2002; Emmons & Crumpler, 2000).

As mentioned before, however, not much research has been conducted on virtuousness in organizations or when organizational performance is the outcome to be explained. In the next section, three studies are summarized which examined the relationships between measures of organizational virtuousness and measures of organizational performance (Cameron, Caza, & Bright, 2002, a,b). These three studies are described briefly, then an explanation for the combined findings of the three studies is offered.

Virtuousness and Effectiveness

Because of the positive associations between virtuousness and desirable individual outcomes, it is reasonable to assume that when virtuousness occurs in organizations, a positive relationship may also exist with positive organizational outcomes. Examining this assumption is especially relevant in organizations that have recently downsized. Numerous studies have reported that negative deviance, at both the individual and organizational level, is common in organizations that have recently downsized (Cameron, 1998; Cameron, Freeman, & Mishra, 1993; Cascio, Morris, and Young, 1997). For example, a sampling of findings regarding downsizing's effects reveals that morale, trust, and productivity suffered as a result of downsizing in most organizations; less than 10 percent reported an improvement in quality, innovation, or organizational climate; among companies with similar growth rates, those that did not downsize consistently outperformed those that did in the 2001 recession; a large majority of firms lagged the Standard and Poor's 500 index share price three years after having downsized; and firms that engaged in both employment and asset downsizing experience declines in ROA after downsizing and did not recover enough to match non-downsizing firms three years later (see Rigby, 2002; Morris, Cascio, & Young, 1999; Cameron, 1995; Pearlstein, 1994; Henkoff, 1994; Bennett, 1991).

These negative outcomes are associated with a variety of internal problems in organizations. They include (1) the destruction of interpersonal relationships, shared values, trust and loyalty, and commonality in culture and values; (2) reduced information sharing and increased secrecy, deception, and duplicity; (3) increased formalization, rigidity, resistance to change, and conservatism; (4) increased conflict, anger, vindictiveness, and feelings of victimization; and (5) increased selfishness and voluntary turnover, as well as deterioration in teamwork and cooperation (Cole, 1993; Cameron, Kim, & Whetten, 1987; McKinley, Sanchez,

& Schick, 1995). Downsizing, in other words, leads to perceptions of injustice, life disruption, and personal harm. The most frequently responses are non-virtuous—blaming, holding grudges, seeking retribution, and displaying self-interest (Staw, Sandelands, & Dutton, 1981; Cameron, 1994). Organizational performance usually deteriorates as a result.

Investigating virtuousness in these kinds of organizations provides a conducive environment for studying the pragmatic value of virtuousness. If performance and virtuousness are found to be positively related in conditions where negative performance is expected, a case can be made that virtuousness is a pragmatically important phenomenon that should be taken into account by managers and researchers².

Study 1. Two organizations were investigated based on their reputations in the popular press as having developed especially virtuous practices—one a health care organization and the other an engineering and environmental company. Both had recently downsized, followed by a recent financial turnaround after the cutback. The turnaround was at least partly attributed, by members of the organizations themselves, to the organization's emphasis on virtuousness. A sample of organization members was interviewed, organizational records and publications were analyzed, and press clippings and public media reports were studied.

In the hospital, a crisis occurred in 1997 when a ten percent reduction in headcount was implemented by a new CEO who had recently been hired. He eliminated the jobs of some of the very people who had supported his (rather controversial) appointment. The most common outcome of such an action by a new CEO is an escalation in the negative effects of downsizing--e.g., loss of loyalty and morale, perceptions of injustice and duplicity, blaming and accusations (Cameron, 1998).

Revealed in the investigation, however, was the fact that because the organization and the new CEO had consciously fostered a culture of virtuousness, the personal and organizational damage done by the announced downsizing had been forgiven. Throughout the organization, stories of compassionate acts of kindness and virtue were almost daily fare, and common organizational language included virtuous words such as love, hope, compassion, and humility, especially in reference to those who implemented the downsizing initiative.

“We are in a very competitive health care market, so we have differentiated ourselves through our compassionate and caring culture . . . I know it sounds trite, but we really do love our patients . . . People love working here, and their family members love us too . . . Even when we downsized, [our leader] maintained the highest levels of integrity. He told the truth, and he shared everything. He got the support of everyone by his genuineness and personal concern . . . It wasn’t hard to forgive” (representative responses from focus group interviews, 2002).

In the second firm, two downsizings had occurred, one in 1993 and another at the end of 1998. Repetitive downsizing is especially likely to produce negative organizational effects since usually trust is destroyed, integrity is called into question, culture is damaged, rigidity and resistance arise, and a sense of victimization and self-pity appear (Rigby, 2002; Cole, 1993; McKinley et al, 1995). Interview respondents explained, however, that a special kind of resiliency had developed in the firm as a result of the virtuousness of top leaders and of the personalized, compassionate culture of the firm (see Sutcliffe & Vogus, Chapter 7).

“There is no question that the downsizing was difficult. Some of our businesses were hurt badly. I had to learn how to forgive. We got past that by refocusing on who we are and what we stand for . . . This is a place with incredibly smart people who are genuine human beings, committed to doing what’s right and committed to helping each other . . . This notion of abundance describes

our orientation very well—looking for what’s right and what’s good, even when facing big challenges . . . Our success since the downsizing is at least partly due to [the CEO] who genuinely loves the company and the people who work for it . . . There is just no way I can thank the [company] family enough for the support we have received (representative responses from focus group interviews, 2002).

Despite its scientific and quantitative culture, highly competitive industry, and fast-moving business environment—conditions usually presumed to be incompatible with talk of virtuousness—interview respondents suggested that organizational virtuousness in this firm was an important aspect of its recent financial success.

Figure 2 illustrates the financial results of both these organizations. Of course, these data do not provide unequivocal evidence of an association between organizational virtuousness and performance, but they are suggestive of a potential relationship between these two factors.

Figure 2 goes here

Study 2. A second study was conducted of eight independent business units randomly selected within a large corporation in the transportation industry. All eight had recently downsized, were representative of the overall corporation’s performance, and are geographically distributed—i.e., in Colorado, Illinois, New York, Ohio, Oregon, and Texas. A survey instrument was completed by a sample of employees in the firms (i.e., across levels and across functions). Organizational virtuousness scores for each organization were comprised of measures of *compassion, integrity, forgiveness, trust, and optimism*. Organizational performance measures consisted of objective measures of *productivity* (efficiency ratios), *quality* (customer claims), and *employee commitment* (voluntary turnover) from company records, as well as perceptual measures of *productivity, quality, profitability, customer retention, and compensation*.

Respondents compared their own firm's performance on these five perceptual outcomes with four benchmarks—their best competitors, past performance, industry average, and stated goals.

Despite a small sample size limiting the probability of statistical significance in the results, statistically significant relationships did emerge between organizational virtuousness scores and the performance outcomes. That is, organizations with higher virtuousness scores also had significantly higher productivity, quality outputs, and lower employee turnover. Organizational virtuousness scores were also significantly related to the perceived measures of profitability, productivity, quality, customer retention, and compensation. When perceptions of virtuousness were high, respondents also perceived their organizations to perform significantly higher than competitors, past performance, the industry average, and stated goals.

These findings are especially noteworthy in light of the overall level of virtuousness characterizing these eight offices in general. Information on organizational virtuousness had been collected from a broader sample of organizations across 16 industries, and these eight organizations scored below average on all indicators of virtuousness. Yet, in spite of such adverse conditions—recent downsizing and a low-virtue industry—higher organizational virtuousness still had a positive and significant association with both objective and perceived measures of performance.

Study 3. A third study investigated the relationship between organizational virtuousness and performance in a sample of organizations across 16 industries (e.g., retail, automotive, consulting, financial services), all of which had recently engaged in downsizing. The same organizational virtuousness measures were obtained from a representative sample of employees in each organization, and *profitability* (net income relative to total sales) of the organizations was measured from publicly available sources. Perceived outcomes (in which employees compared

their own organization's performance to best competitors, past performance, stated goals, and industry averages) used *quality, innovation, employee turnover, and customer retention* as outcome measures.

Statistical results revealed that, as predicted, when controlling for all other factors, downsizing led to deteriorating organizational performance. However, statistically significant relationships were found between organizational virtuousness and objectively measured profitability. Organizations scoring higher in virtuousness were more profitable, and, when compared to competitors, industry average, goals, and past performance on perceptual measures, virtuousness also mitigated the negative effects of downsizing. Higher perceived virtuous scores were associated with higher perceived performance.

The Amplifying and Buffering Attributes of Virtuousness

These three studies suggest that organizational virtuousness mitigates the negative performance outcomes of downsizing and is positively associated with higher organizational performance. Two key attributes of virtuousness help explain these results: its *amplifying* qualities—which can foster escalating positive consequences—and its *buffering* qualities—which can protect the organization against negative consequences (Sutcliffe & Vogus, Chapter 7; Fredrickson & Joiner, in press; Dienstbier & Zillig, 2002; Masten & Reed, 2002; Hatch, 1999; Seligman, Schulman, DeRubeis, & Hollon, 1999; George, 1991). When virtuousness is demonstrated in organizations (as when leaders or exemplars manifest virtuous behaviors), or when the organization recognizes and legitimizes virtuous behaviors (as when courageous or compassionate acts are applauded and encouraged), virtuousness becomes self-reinforcing, and it fosters resiliency against negative and challenging obstacles.

Amplifying. Specifically, virtuousness provides an *amplifying* effect because of its association with three outcomes: positive emotions, social capital, and prosocial behavior. First, Fredrickson (1998), Seligman (2002), Fineman (1999) and other scholars have reported that virtuous behaviors produce positive emotions in individuals, which, in turn, lead to a replication of virtuousness and an elevation in positive well-being (see Fredrickson, Chapter 11). That is, positive emotions—e.g., compassion, optimism, joy—lead to positive activities in organizations—e.g., helping behaviors, truth telling, altruism—which, in turn, create upward spirals of positive feelings. When organization members observe compassion, experience love, or witness forgiveness, for example, they increase their pride in the organization, enjoyment of the work, satisfaction with the job, and thereby they experience “love, empathy, verve, zest, and enthusiasm . . . the sine qua non of managerial success and organizational excellence” (Fineman, 1996:545).

Several studies have demonstrated that this sense of affective elevation—which is fostered by observing virtuousness—is disseminated throughout an organization by way of a contagion effect. The entire organization is influenced positively when virtuousness is displayed, especially by individuals in leadership positions (George, 1995; Hatfield, Cacioppo, & Rapson, 1993).

An example is the observation of Nobel laureate Desmond Tutu: “*The world is hungry for goodness and it recognizes it when it sees it—and has incredible responses to the good. There is something in all of us that hungers after the good and true, and when we glimpse it in people, we applaud them for it. We long to be just like them. Their inspiration reminds us of the tenderness for life that we all can feel*” (Tutu, 1999: 263).

This amplifying quality of virtuousness and positive affect is similar to the heliotropic effect, manifested as a tendency toward that which is positive and away from that which is negative (Cooperrider & Srivastava, 1987). All human systems—at the physiological, psychological, and emotional levels—respond positively to virtuousness (Cooperrider, 1991), so that experiencing virtuousness produces a self-reinforcing effect (Maslow, 1971; Hatch, 1999; Sethi & Nicholson, 2001).

A second reason for the amplifying effects of virtuousness is its association with the formation of social capital. This occurs because, as pointed out by Dutton & Heaphy (Chapter 17), virtues (such as care giving, empathy, and trust) tend to build high quality relationships among organization members. People feel free to exchange more and better information, experience more positive energy, desire to strengthen the relationship, and exchange more valued resources. Hence, organizational virtuousness enhances social capital, and in turn, organizational performance.

Social capital is signaled by the existence of positive interpersonal relationships among individuals (Coleman, 1998; Baker, 2000). Social capital in organizations reduces transaction costs, facilitates communication and cooperation, enhances employee commitment, fosters individual learning, strengthens relationships and involvement, and, ultimately, enhances organizational performance (Adler, 2002; Leana & Van Buren, 1999; Nahapiet & Ghoshal, 1998). Organizations function better when members know, trust, and feel positively toward one another (Bolino, Turnley, & Bloodgood, 2002). Observing virtuous actions creates a sense of attachment and attraction towards the virtuous actor (Bolino, Turnley, & Bloodgood, 2002) which, in turn, helps members of an organization experience a compelling urge to join with and build upon the contributions of these others (e.g., Hatch, 1999; Eisenberg, 1990; Sethi &

Nicholson, 2001; Leavitt, 1996; Quinn & Dutton, 2002). Positive human connections and spirals of virtuous actions are fostered.

When employees observed displays of citizenship behaviors among fellow employees (e.g., sharing, loyalty, advocacy, caring) liking, commitment, participation, trust, and collaboration are enhanced, and these behaviors contribute significantly to organizational performance (Podsakoff, MacKensie, Paine, & Bachrach, 2000; Koys, 2001; Walz & Niehoff, 2000). Citizenship behaviors are often similar to virtuous behaviors—although virtuousness has moral and social betterment components which are not always typical of citizenship behaviors—so it is to be expected that similar dynamics will accrue. That is, organizational virtuousness is likely to enhance social capital and, in turn, organizational performance.

Third, virtuousness fosters prosocial behavior. Prosocial behavior occurs when individuals behave in ways that benefit other people. Usually it is explained as being motivated by an exchange relationship, reciprocity, or equity (McNeeley & Meglino, 1994; George, 1991; Blau, 1964) in which individuals attempt to reciprocate to those who benefit them. In the case of virtuousness, however, several authors (Batson, 1991, 1994; Berkowitz, 1972; Cialdini, et al, 1987) have pointed out that individuals engage in prosocial behavior because of internal definitions of goodness and an intrinsic motivation toward helping others, among other factors. “Evidence on impulse helping suggests that . . . individuals may be genetically disposed to engage in impulsive acts of helping” (Krebs, 1987: 113). Behaving virtuously toward others (e.g., being generous, forgiving, benevolent, loving) regardless of personal reward and aside from establishing a condition of equitable exchange appears to be innate. “Theory and data now being advanced are more compatible with the view that . . . acting with the goal of benefiting another does exist and is a part of human nature” (Piviavin & Charng, 1990: 27).

Observing and experiencing virtuousness helps unlock the human predisposition toward behaving in ways that benefit others. Studies reported by Cialdini (1999) and Ashe (1952) support the idea that when people observe exemplary or moral behavior, their inclination is to follow suit. Hence, positive spirals of prosocial behavior, following from spirals of positive affect, tend to flow from virtuous behavior.

One dramatic example of the prosocial contagion produced by observed virtuousness is the demonstration of forgiveness by Nelson Mandela, Desmond Tutu, and other black leaders in the post-apartheid regime in South Africa. Virtuousness on the part of national leaders led to similar virtuousness on the part of others:

“Mercifully and wonderfully, as I listened to the stories of victims I marveled at their magnanimity, that after so much suffering, instead of lusting for revenge, they had this extraordinary willingness to forgive. Then I thanked God that all of us, even I, had this remarkable capacity for good, for generosity, for magnanimity . . . (Tutu, 1999: 86)

Buffering. Virtuousness also *buffers* the organization from the negative effects of downsizing by enhancing resiliency, solidarity, and a sense of efficacy (Masten & Hubbard, Gest, Tellegen, Garmezy, & Ramirez, 1999; Weick, Sutcliffe, & Obstfeld, 1999). Seligman & Csikszentmihalyi (2000) pointed out, for example, that the development of human virtuousness serves as a buffer against dysfunction and illness at the individual and group levels of analysis. They reported that virtues such as courage, hope or optimism, faith, honesty or integrity, forgiveness, and compassion all have been found to be inoculation agents against psychological distress, addiction, and dysfunctional behavior. Learned optimism, for example, prevents depression and anxiety in children and adults, roughly halving their incidence over the subsequent two years (Seligman, 1991).

Similarly, fostering human virtuousness helps create safeguards that buffer individuals from the negative consequences of personal trauma (Seligman, Schulman, DeRubeis, & Hollon, 1999). Fredrickson, Mancuso, Branigan, & Tugade (2000) found that the cardiovascular, emotion, and intellectual (e.g., the ability to concentrate) systems on individuals recover significantly more rapidly and completely when they experience positive affect stimulated by virtuous behaviors.

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). Virtuousness serves as a source of resilience and “toughness” (Dienstbier & Zillig, 2002) helping to preserve social capital and collective efficacy (Sutcliffe & Vogus, Chapter 7). Thus, it helps protect organizations against the deterioration associated with downsizing (Turner, Barling, & Zacharatos, 2002).

Specifically, the negative outcomes associated with downsizing occur at least partly because downsizing destroys social capital and interpersonal connections. By breaking the psychological contract between employees and the firm (Rousseau, 1995), downsizing weakens the glue that binds individuals to one another and to the organization (Baker, 2000; Putnam, 2000). Virtuousness, on the other hand, cultivates interpersonal connections and social capital, so it serves as an antidote to the tendency toward dissolution in downsizing. This proposition is supported by the finding in the study of 16 industries (Study 3) that virtuousness had its most significant effects in organizations that were most negatively affected by downsizing.

The resilience associated with virtuousness—which helps organizations absorb misfortune, recover from trauma, and maintain momentum in difficult circumstances—is an important factor that allows organizations to maintain or improve performance even after

downsizing (Gittell & Cameron, 2002). Worline, et al. (2002) reported that virtuousness in a health care unit helped foster “strengthening,” “replenishing,” and “limbering” processes that create unit resilience. Virtuousness *strengthens* organizations by providing a clear representation of what is desirable, aspirational, and honorable in the organization. Virtues serve as a “fixed point” in a sea of change. For example, all navigators require a standard or a benchmark that does not change in order to steer a plane, a ship, or an organization. Virtues serve as that fixed point, helping organizations maintain the capability to effectively steer their way through conditions of unpredictable change.

Similarly, virtuousness helps *replenish* or renew organizations through its association with positive affect, social capital, and prosocial activity. Observing or experiencing virtuousness fosters positive energy and, hence, replenishes the human capital needed to capably absorb or recover from damage. Virtuousness also helps *limber* the organization—or increase its capacity to respond adaptively to unanticipated and potentially damaging situations—by enhancing relational coordination (Gittell, 2000).

Organizations reinforce these buffering elements through a variety of processes and structures, including open communication channels, empowered and cohesive work groups, conducive reward and recognition systems, facilitative physical architecture, clear statements of values and vision, and opportunities for interpersonal interaction (Worline, Dutton, Frost, Kanov, & Maitlis, 2002; Cameron, 2001). These processes and structures help facilitate the development of virtuousness, and hence, the capacity to overcome the deleterious effects of downsizing, namely, the destruction of relationships, trust, loyalty, information sharing, and teamwork, and the escalation of deception, rigidity, conflict, and vindictiveness (Cameron, 1996).

Conclusion

Virtuousness in organizations represents a set of activities, values, emotions, and consequences that are positively deviant. It focuses on the ennobling and uplifting aspects of the human condition more than on achieving effectiveness, profitability, or notoriety. Virtuous tendencies are intrinsically motivated, oriented toward the betterment of human beings, and extend beyond the immediate concerns of self interest. Virtuousness appears to contradict classical economic assumptions regarding self-interest and, therefore, has been outside the scope of rigorous scientific investigation. The concept is typically viewed as too “saccharine,” too religious, or too dogmatic to be investigated in organizational science. Especially when organizations face the trauma of downsizing—where concerns with economic and competitive pressures, market positioning, and shareholder value and profitability dominate—virtuousness is not likely to be high on the list of key factors on which attention is focused.

However, the empirical research summarized here demonstrates that organizational virtuousness has a legitimate place in positive organizational scholarship. Its association with objective measures of performance as well as superior perceived performance relative to competitors, the industry average, past performance, and stated goals suggests that pragmatic value is associated with virtuousness. Whereas causality is not implied by these results, one explanation for the findings is that virtuousness possesses an amplifying quality as well as a buffering quality. It tends to amplify positive outcomes and buffer organizations from negative outcomes.

Of course, much clarification and additional study is required for these relationships to be more thoroughly understood. Questions such as the following are in need of systematic investigation: What key indicators of organizational virtuousness should be measured, and what

might their associations be with performance? How stable is the virtuousness-performance relationship across industries, organizational size, countries, economic conditions, or non-downsizing conditions? What other organizational outcomes might be associated with virtuousness, and what other virtues might be associated with different performance outcomes? What methods are best to capture virtuousness and its various dimensions? Under what conditions might virtuousness be dysfunctional (e.g., produce exploitation, manipulation, or deflection)?

On a more conceptual and pragmatic level: What are the key dimensions of organizational virtuousness? To what extent are the associations between virtuousness and individual outcomes transferable to organizations, and what differences exist in the demonstration of individual versus organizational virtuousness? How is virtuousness fostered, enacted, and nurtured in organizations? What are the observable indicators of organizational virtuousness—for example, in language, strategy, and interaction patterns? How rare is organizational virtuousness? What are the inhibitors to virtuousness in organizations, and what are the self-reinforcing spirals?

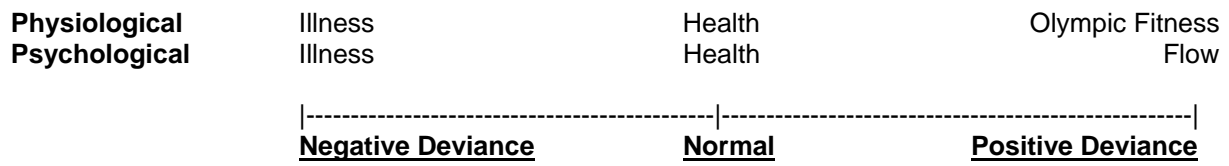
This chapter's key message is that the investigation of the positive, life-giving, virtuous aspects of organizations is a worthwhile and important area of study for organizational scholars. Much more investigation is left to be done, and other organizational scholars are encouraged to join in helping to make the needed progress.

Footnotes

1. The helpful comments of Arran Caza and Jane Dutton are gratefully acknowledged. The three research studies reported in this chapter were supported by the John Templeton Foundation.
2. See Cameron, Caza, & Bright (2002 a, b) for details of these three empirical studies.

FIGURE 1 A Continuum Illustrating Positive Deviance

Individual:



Organizational:

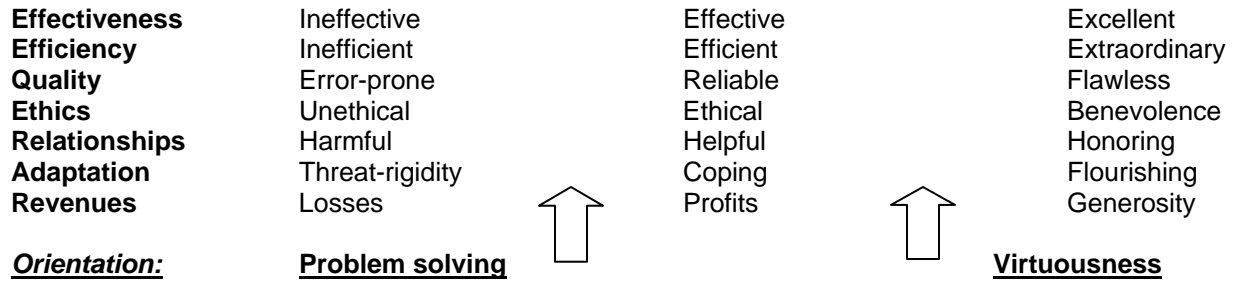
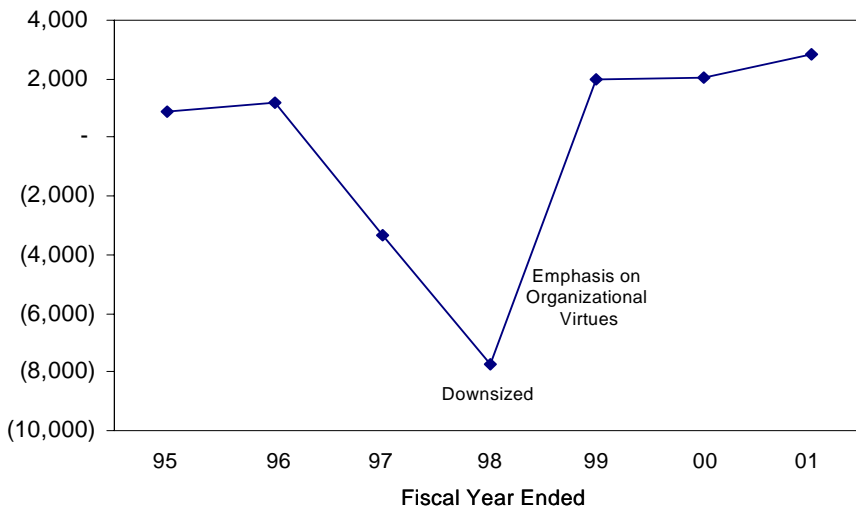
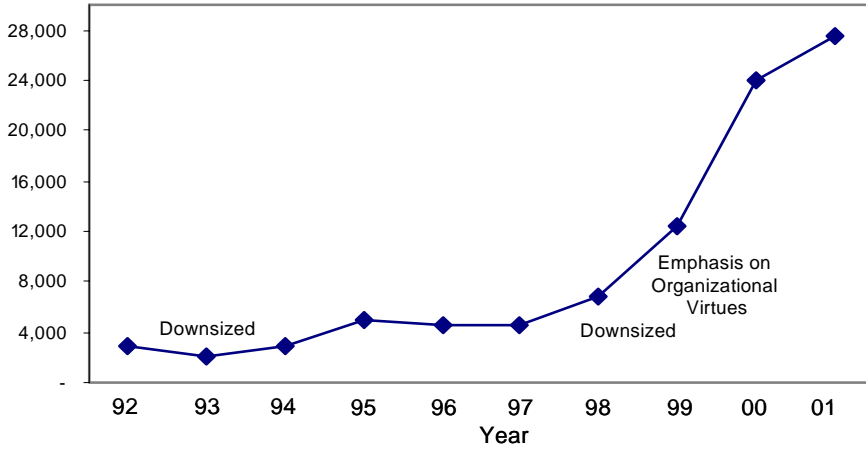


Table 1 Differences Between Virtuousness and Other Similar Concepts

<u>Similar Concepts</u>	<u>Virtues</u>
<i>Ethics:</i> What is my obligation? How can harm be avoided?	<i>Virtue:</i> What is ennobling? How can good be produced?
<i>Morality:</i> What is right? What is moral?	<i>Virtue:</i> What is best? What is honorable?
<i>Values:</i> What are the underlying assumptions, expectations, and orientations? What is normative and assumed?	<i>Virtue:</i> What is goodness? What is life giving?
<i>Effectiveness:</i> Are we achieving our goals, creating value, and performing successfully? Are we competing successfully?	<i>Virtue:</i> Are we fostering our finest? Are we pursuing the highest human potential?
<i>Core Competency:</i> How can we achieve our objectives? Can we do better than others? What is our uniqueness?	<i>Virtue:</i> Is there profound purpose in what we do? Can we cultivate strength in others?
<i>Social Responsibility:</i> What is expected of the firm? How can we obtain benefit from or contributions?	<i>Virtue:</i> What is benevolent? How can we help others flourish?
<i>Citizenship:</i> What is our fair share? How can we give back to the community?	<i>Virtue:</i> What is the highest in us? What is the right thing to do?

Figure 2 Financial Performance of an Environment and Engineering Firm and a Hospital
 (Revenues in 000s)



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