

VIRTUE BASED ORGANIZATIONAL PROCESSES AND THE ROLE OF LEADERSHIP

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ABSTRACT

Virtues form the basis for values and ethical conduct, and being virtuous is a mark of a good corporate citizen. Virtues drive our vision and mission, translating deeper into our organizational policies and processes. Organizations these days are increasingly taking recourse to virtue-based processes and constantly trying to transform their characters in the aftermath of globalization so as to re-establish their lost or somewhat dwindling position in the society. Virtue based organizational processes aim to create a climate of trust, cooperation, fairness and forgiveness, provide for a cushion to withstand the test of time. Such processes are likely to foster growth and well-being in organizations, thereby leading to sustainable development. The leader, by dint of assuming a central position in the organization, has a very crucial role to play in initiating and sustaining such processes. The leader needs to demonstrate himself in a way which is capable of instilling that kind of trust in his brigade where they can feel safe, cared for, heard of and are able to fully commit themselves to the larger vision. Thus, this paper is aimed at exploring the need for virtue based organizational processes in the current day organizations and the role of leadership in initiating and sustaining such processes. In this paper, the terms 'virtues', 'values' and 'ethics' have been used interchangeably under the umbrella term 'virtues', to indicate the same thing.

Keywords - virtues, virtuous, virtue-based organizational processes, values, leadership, ethical, spiritual, spiritual/inner growth, performance, welfare, happiness.

I. INTRODUCTION

The twenty first century is witnessing a relay of corporate frauds and accounting scandal busting, which is not only losing investors' confidence but also rupturing the moral and cultural fabric of organizations and the society. Most of us are aware of Enron, Merrill Lynch, Lehman Brothers, WorldCom and the Indian IT giant Satyam scandals. The corporate world no longer can survive with the famous dictum that "the only responsibility of business is to make profits" as employees would like to see fairness, justice and ethical practices at workplace (Singh, Bhandarker, Rai, & Jain, 2011). A need has arisen to look at things and operate from a different perspective because the way things have been done in the past have landed organizations in great perils. In this context, values and virtues have assumed an important role in the workplace because they lay basic foundations for understanding the attitudes and motivation of human beings and, more precisely, they influence the way we perceive our workplace.

II. WHAT IS VIRTUE AND WHAT QUALIFY AS VIRTUE BASED ORGANIZATIONAL PROCESSES?

According to (Cameron & Winn, 2011) as cited in (Bright & Fry, 2013), *Virtue* refers to moral and intellectual excellences of human character and action in the pursuit of the highest good of human beings, the most ennobling behaviours, and the essence of humankind when at its best. Bright, Cameron, and Caza (2006) have noted that virtuousness is rooted in the Latin word ‘*virtus*’ meaning *excellence*; Plato and Aristotle described virtues as ‘*desires and actions that produce personal and social good*’. It is what individuals are when they are at their very best (as cited in Searle & Barbuto, 2011).

Organizational virtuousness has been formally defined as “individuals’ actions, collective activities, cultural attributes, or processes that enable dissemination and perpetuation of virtuousness in an organization” (Cameron et al., 2004, p. 768 as cited in Searle & Barbuto, 2011). It consists of *three key indicators*—‘*moral goodness*’ (what is good, right, and worthy of cultivation), ‘*human impact*’ (helping individuals flourish, exhibit moral character, self-control, resilience, and purpose, and follow transcendental principles), and ‘*social betterment*’ (actions that benefit society in a positive manner) (Cameron et al., 2004 as cited in Searle & Barbuto, 2011). Finnis (1980) states that from a virtue perspective, behaviour that contributes to the ‘flourishing of all members of a community’ is virtuous (as cited in Neubert, Carlson, Kacmer, Roberts, & Chonko, 2009). Virtuous organizing is not the absence of mistakes, trauma, illegalities, or offense; rather it is at these moments that virtuous/ethical acts can be possible and apparent (Bright & Fry, 2013).

III. EVOLUTION OF VIRTUOUS ORGANIZATIONAL SYSTEMS

Virtue-based theories have evolved substantially over the past three decades, not only in the philosophical domain of virtue ethics (MacIntyre, 2007 as cited in Bright & Fry, 2013) but also in organizational scholarship (Cameron & Winn, 2011 as cited in Bright & Fry, 2013). Attention to business ethics, ethical decision making, corporate citizenship, and the development of value-based leaders and organization cultures have increased dramatically over the past decade in the wake of corporate frauds, wrong doings and unethical actions. Taken as a whole, these developments suggest that we are in a moment in which the positive, virtuous dimensions of organizational life warrant greater attention. Simultaneously, the need to develop and disseminate knowledge about how to foster and sustain highly functional, humane, and ethical organizing is increasing (Bright & Fry, 2013). Evidence suggests that when organizations promote a virtuous, ethical environment, they tend to generate value, and over time, they move beyond ordinary levels of performance (Bright, Cameron, & Caza, 2006; Cameron, 2003; Cameron, Mora, Leutscher & Calarco, 2011 as cited in Bright & Fry, 2013).

3.1 Virtue based organizational processes and human potential, goodness of man, happiness and general welfare

Several eminent scientists, philosophers and management thinkers (such as Swami Vivekananda, Maslow, Konosuke Matsushita) expressed an optimistic view of the inherent human potential.

Ranganathananda (2006) emphasizes on the importance of inculcating noble virtues and values for development and points to the fact how post Indian independence, education, politics and administration got divorced from

the humanistic impulse and outbreak of evils like self-centeredness, bribery, corruption, tax-evasion, smuggling and lack of citizenship virtues like duty, punctuality, honesty and public spirit have resulted in unhappiness and dissatisfaction in the country.

Swami Vivekananda (as cited in Ranganathananda, 2006) proclaimed the basis of all systems (social or political) as the goodness of man and that no nation is great or good because Parliament enacts this or that, but because its men are great and good. Talking about values, he asserted that the urgent need of the day was the infusion of human values in everyday functioning for qualitative enrichment. Wherever persons with high values go, such institutions or services are likely to become qualitatively enriched. Such a person will not think of himself as a mere employee but as free citizen, who sees the work as his mission, a commitment. Such an attitudinal transformation arising from an understanding of our basic oneness and the spirit of love and dedication and the service that flows from it can lift us up and put us on the road of human happiness and welfare, both individual and collective.

Konosuke Matsushita (popularly known as the God of Management) too emphasized on a culture of cooperation and collaboration. He was very optimistic about human nature and potential. His exceptional form of influence moved his followers to accomplish more than what was usually expected of them. Although he did speak often about generating wealth, he emphasized on the psychological and spiritual aspects of being – for the good of all people (www.1000ventures.com).

Maslow (1971) iterated on the possibility of the actualization of highest human potential and that good human beings need good societies to grow, develop and get nurtured. As cited in Maslow on Management, 1998, his work on Eupsychian or Enlightened Management touched upon the importance of inner transformation, based on values and purposes. He emphasized on the values of love, truth, beauty, compassion, goodness, justice, law, order and the like (calls them Being values) and mentioned that authoritarian management is not possible for enlightened processes. In Enlightened Management processes, people are transformed into partners and not mere employees; where partnership is the same as synergy (what is good for me is good for all, i.e., the interests of other and own interests merge and pool unite instead of remaining separate or opposed or mutually exclusive). He also talked about Self-Actualization, which is the far goal of Enlightened Management. It is the freedom to effectuate one's own ideas, try things out, make decisions and make mistakes. It is to realize one's inherent potential.

Pfeffer (1998) emphasized on the human side to bring competitive advantage to businesses (as cited in Searle & Barbuto, 2011).

IV. VIRTUE BASED ORGANIZATIONAL PROCESSES AND LEADERSHIP

Ranganathananda (2006) expresses the importance of self-discipline, team work and taking responsibility for duties and not only exercising one's rights at all times. Working for common goals (superordinate) over unjust personal profit and pleasure has been stressed at all times. He mentions Bhagavad Gita's philosophy of work: work without thinking about the immediate benefits, but work without detachment, i.e., work based on contemplation and action. Man achieves double benefit from such work: social welfare outside and spiritual growth inside, i.e., inner development. In Gita, the qualities of a leader are likened to that of Sri Krishna who, in the Kurukshetra war, did not take part in actual fighting, but only gave sagely guidance to Arjuna, where

Krishna represents vision and Arjuna represents efficient action and the confluence of both lead to total human welfare. The fruits of such a confluence range from economic prosperity (brought about by dedication and teamwork), victory, general welfare and constant justice and ethical sense.

Chakraborty (1998) attaches prime importance to *nishreyasa* (transcendence) and *nishkamkarma* (detached involvement) to be kept in the forefront while pursuing *abhudaya* (prosperity) in order to avoid the perils of achieving material prosperity, i.e., (at the cost of) in the form of losing sight of our values and ethics. Ethical leadership influences organizational members' attitudes towards everyday work (Brown and Trevino, 2006; Schminke, Ambrose, Neubaum, 2005 as cited in Neubert et al., 2009). Maslow (1965) asserts that managers influenced by Enlightened Management (which is based on values and purposes) are more democratic, more compassionate, friendlier, helpful, loyal, etc. Democratic manager makes more profit for the firm as well as making everybody happier and healthier.

The SokaGakkai International (a lay Buddhist organization), of which the research scholar is a member, highlights the importance of inner transformation through manifestation of the highest human potentials of wisdom, love, compassion, honesty, integrity, conviction, courage, truth and the like qualities. It emphasizes on the principle of '*many in body, one in mind*', meaning harmonious unity amidst diversity. Unity that is coerced is outside the purview of this Buddhist practice as under such circumstances, people may put on a fake show of unity (www.sgi.org). It is important to cite here the role of mentor in enabling bringing about this unity. He constantly endeavours to awaken that spirit in others. In this way, people are likely to expand themselves to look beyond their lesser selves to a more committed common cause.

Bhaskarananda (2009) stated that leaders must protect themselves from the cravings for power and position by their shields of humility. Goleman, Boyatzis, and McKee (2001) made revelations that the leader's mood travels down to the employees faster and impacts performance for better or for worse as everyone is constantly watching the boss. Therefore, it goes without saying how important it is for a leader to manage his inner life (i.e., his thoughts and emotions) so that his followers are inspired and influenced in the desired manner which would spell success for the organization. This requires self-awareness and reflection on the part of the leader to understand and monitor his moods and emotions and redirect himself to be in tandem with the organizational and people requirements.

Organizations are not able to involve the whole individual to achieve its potential to the fullest and the transactional leadership style is not effective enough to engage the individual's mind at work. Organizations need to develop strength based practices and promote leadership that nurtures the spirit of each stakeholder in order to create harmony at workplace and the society (Singh-Sengupta, 2010, p. 24). The leader must be averse to fault finding behaviour and promote compassion, love and truth at workplace so that non-violent, non-exploitative and sustainable organizations are created (Singh-Sengupta, 2010). The leader is also required to be impartial and pursue attitudes of equality as he associates with each other (Brameld, 1969). Neubert et al. (2009) proposed that managers have the potential to be agents of virtue and vice in organizations. Behaviour that is virtuous has an amplifying effect in which those who witness the behaviour are inspired by it and tend to reproduce it and which results in virtuous behaviour spreading to others (Fredrickson, 2003 as cited in Neubert et al., 2009). Sankar (2003) proposed the outcome of leadership excellence to be contingent on the leader's character, his codes of ethics, the ethical ground rules he uses in decision making and the core values he uses to

design the culture of the organization. When top leaders engage in unethical practices or fail to take firm and decisive action in response to the unethical practices of others, this attitude filters down through the organization. Formal codes of ethics and training programmes are worthless if leaders do not set and live upto high standards of ethical values based on their character. A supportive organizational culture is precursor to virtuous organizational processes and this is developed by leadership (Provis, 2010). Luthans, Youssef, and Avolio (2007) state that leadership promotes positive behaviour at workplace and the most likely antecedents of positive behaviours at workplace may include those leadership styles that facilitate excellence centered on optimizing individuals' strengths, as opposed to supervision (as cited in Searle & Barbuto, 2011, p. 107). Even Swami Vivekananda promulgated the creation of a work atmosphere, where everyone is happy to carry out his responsibilities without being told to. Such examples can be seen in monastic institutions such as the Ramakrishna Mission of India.

V. FINDINGS

The significance of virtue based organizational processes can be summarized as follows:

1. Shown to have exhibited exemplary/extraordinary performance beyond focussing solely on profits and efficiency to facilitating positive and benevolent behaviours at workplace that benefits all stakeholders and the entire community.
2. Likely to bring about a positive change in the employees' attitude to everyday work/perception of work.
3. Likely to facilitate inner growth and bring forth the inner potential of people for optimum functioning in personal and social spheres.
4. Virtues drive our vision and mission and translate deeper into our organizational policies and processes.
5. Likely to promote sustainability (social and environmental benefit) along with profitability.
6. Virtuous organizational processes keep greed and selfish interests in check.
7. Such processes act as a cushion and keep the organization grounded and stable in moments of adversity.

The leadership role towards fostering virtue-based practices and processes in organizations can be summarized as below:

1. The leader's character (honesty, integrity, self-discipline, and responsibility) and conduct sets the tone in organizations as employees learn through role modelling. The leader must develop strong reflection and enquiry skills and must walk his talk in thoughts, actions and deeds, fostering a culture of trust, equality and cooperation.
2. The leader plays a vital role in shaping the perception of work of his brigade by institutionalizing the vision and mission of the organization and putting the superordinate goals ahead of calculated self-interests.
3. Leaders must protect themselves from the cravings for power and position by their shields of humility.
4. The leader must take care not to engage in fault finding of employees or excessive supervision and must be tolerant to mistakes in order to enable employees to realize their inherent potential.

There are several organizations which have woken up to virtue-based practices following severe rundown and thereafter, successfully kept the show going, becoming burning examples for others to follow suit. For example: the Hanover Insurance Company, Harley Davidson Motor Company and Nokia. Another classic example of virtuous organizational processes and the role of leadership is that of the Matsushita Electric Company of Japan, which is highly revered for its successful and unique managerial philosophy and practices.

VI. CONCLUSION

Virtuous organizational processes are evolving in response to the challenges faced in the current volatile times. The virtues/ values of love compassion, courage, conviction, truth, honesty, integrity and creativity to name a few are pre-requisites for fostering humane conditions at work as people are no longer fixated at basic level needs. A virtuous orientation is likely to move past employees and spread out to all those who come into contact with the organization directly or indirectly - customers, distributors, vendors and the society at large. I conclude with the following lines of **Swami Vivekananda** –

“The more we grow in Love, Virtue and Holiness, the more we see Love, Virtue and Holiness outside.”

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