**Organisational Virtue, Moral Attentiveness, and the Perceived Role of Ethics and Social Responsibility in Business: The Case of UK HR Practitioners**

Short title: Organisational Virtue

Keywords: Virtue Ethics, Organisational Virtue, Moral attentiveness, Meaningful work

Journal Section: Philosophical Foundations

**Abstract**

Examination of the application of virtue ethics to business has only recently started to grapple with the measurement of virtue frameworks in a practical context. This paper furthers this agenda by measuring the impact of virtue at the level of the organisation and examining the extent to which Organisational Virtue (OV) impacts on Moral Attentiveness (MA) and the Perceived Role of Ethics and Social Responsibility in creating organisational effectiveness (PRESOR). It is argued that people who operate in more virtuous organisational contexts will be expected to be more attentive to ethical issues and in turn perceive a greater role for ethics and social responsibility in business.

Analysis of results based on a sample of 137 HR professionals shows that where people report that their organisation provides meaningful work they are more likely to display reflective moral attentiveness and the belief that ethics and social responsibility are compatible with business objectives, suggesting that organisations who are interested in promoting an ethical culture should focus on their work structures and practices. More generally OV is shown to have a more complex relationship with PRESOR than hypothesised pointing toward a more nuanced view of organisational virtue. The paper examines the implications of the results for organisations and research.

**Introduction**

Virtue ethics has been argued to be important to flourishing business. Dawson and Bartholomew (2003) argue that virtue in business is demonstrated where business people strive for community based objectives as well as those based in sustaining a business. By focusing on security of employment, and health and wellbeing alongside financial health, innovation, and flexible working practices business people manage to support flourishing communities in addition to sustaining their business. Indeed, despite some debate about the potential for virtue in business (see Beadle, 2001, 2002; Bertland, 2009; Dawson and Bartholomew, 2003; Dobson, 1997; Maitland, 1997; Moore, 2002, 2003, 2005, 2012a, 2012b; Morse, 1999; Shaw, 1997; Sundman, 2000; Warren, 1996), it is now accepted that virtue is at least theoretically useful in discussing how to further the role of ethics in a business context and create organisational effectiveness (Audi, 2012; Beadle, 2013; Bright et al., 2014; Crossan et al., 2013; Cameron et al., 2011; Dawson, 2015; Moore, 2012b).

Nevertheless, only a small amount of empirical work has taken place to understand how virtue operates in the context of business. This is a limitation of the field and needs to be addressed if the case for virtue as a legitimate basis for supporting flourishing businesses and communities is to become more widely accepted. Some researchers are beginning to take up this challenge and as Bright et al. (2014) note, existing empirical work focuses on how virtue operates at different levels of aggregation and the level of the individual, team, and organisation in particular.

At the individual level, Whetstone (2003) provides the ground-breaking study of virtue ethics in business when identifying the virtue language used in the context of retail stores in the USA. Beadle (2013) examines how virtue is demonstrated through the practice of circus people and in particular the virtue of constancy in the context of circus organisations and provides evidence that managers – and potentially by inference their institutions – are capable of virtue. Similarly, Bull and Adam (2011) use a case study approach when examining virtue in the context of designing a customer relationship system and find that a lack of focus on internal goods (virtues) leaves it to be deficient. Shanahan and Hyman (2003) create a scale for the measurement of virtue, an approach that Libby and Thorne (2007) also take specifically for the examination of auditors’ virtue, although neither scale has yet been validated by further research.

Although there has been little work examining virtue at the team level, Palanski et al. (2011) and Rego et al. (2013, 2015) provide support for virtue’s positive impact on team performance. Palanski et al. (2011) show how team transparency, team behavioural integrity, and team trust are related, and that team trust is positively related to independent ratings of team performance. Rego et al. (2013) when examining the operation of administration teams in a Portuguese University, show that team virtuousness predicts team potency through the mediating variable of team affective commitment. Rego et al. (2015) also demonstrate that group virtuousness acts to predict the sales performance of Brazilian retail stores through the mediating variable of group potency. Whilst limited in number, these studies are significant as they make the empirical link between virtue and performance.

At the organisational level, Moore (2012b) and Fernando and Moore (forthcoming) examine the interplay between practices and institutions when examining the excellences (individual level) and success factors (institutional level) of case study organisations in the UK and Sri-Lanka, finding that excellence and success terms may be the same and that it is possible to map virtue for organisations. Payne (2011) examines shareholder letters for evidence of virtue and find a significant positive association between higher levels of virtue language being used and family firms. Alternatively, Chun (2005), Kaptein (2008), and Cameron et al. (2004, 2011) each develop scales to measure organisational level virtue. Cameron et al. (2011) find that the positive organisational practices that indicate organisational virtue have a positive impact on financial performance, organisational climate and employee turnover.

This paper contributes to empirical work on virtue at the organisational level by examining the potential for Organisational Virtue (OV) to increase the propensity for people to act ethically. In particular, it examines the potential for OV to support higher levels of Moral Attentiveness (MA) and, in turn, positive Perceptions of the Role of Ethics and Social Responsibility in creating organisational effectiveness (PRESOR).

The paper starts by examining the field of ‘Organisational Virtue’ and how it is defined and measured in this study. It continues to examine ‘The Impact of Organisational Virtue on the Potential for Ethical Business Practice’ and how OV interacts with MA and PRESOR. This is followed by the ‘Method’ of the study and subsequently ‘Factor Analysis’ that is used to identify dimensions in the scales and set hypotheses. This allows the study to move on to the ‘Results’. Finally, in the ‘Discussion’ and ‘Conclusions’ the implications of the results for practice and future research are discussed.

**Organisational Virtue**

The nature of OV is the subject of controversy (Bright et al., 2014; Whetstone, 2005). Whether organisations can act as independent moral entities, the nature of virtue in organisations, and how virtue might be measured at the organisational level are each the subject of argument. Whilst it is outside the scope of this paper to further these debates in any substantial way, it is important to clarify the concepts as they inform the model underpinning this empirical study.

***Organisations as Moral Entities***

The debate about whether organisations can have moral responsibility and act as independent moral actors is well rehearsed. French (1979, 1984) and Pruzan (2001) put the case for the corporation as a moral actor arguing that because they have structures, policies and practices that are independent of any one individual they assume a moral responsibility. Velasquez (2003) argues against this collectivist position putting the case that a business cannot be an ontologically autonomous moral agent independent from its members. Buchholz and Rosenthal (2006) argue that both collectivist and individualist views of corporate moral agency are faulty, favouring a view that supports moral agency through organisational community. Each of these positions are reflected in Bright et al.’s (2014) distinction between organisations as ‘intrinsic’ where the organisation is seen as a unified organism that is virtuous in itself, a ‘container’ for individual virtue, or a context for ‘synergy’ where they act as a catalyst for both individual and collective virtues.

Whilst not wanting to pass judgement on the potential for organisations to act as independent moral entities, this study operates in the context of Bright et al.’s (2014) synergy hypothesis. It is accepted that organisations more often than not provide synergies that result in a sum that is greater than their constituent parts. The structures, processes and context of community that they provide have the potential to create a surplus of activity over and above that which would otherwise exist. Some of this surplus will be moral in nature and result from moral actions.

In turn, it is clear that organisations provide a context for virtue based in collectives. The potential for institutional contexts to support good character and its associated virtues is recognised in philosophy. For example MacIntyre (1985) puts significant emphasis on the potential for institutions (in this case read organisations) to provide the sustenance necessary for the development of flourishing practices, whilst also recognising their potential to weaken character. Organisations can offer the resources to support flourishing practices through providing the context for moral education and debate. For Cameron et al. (2004) virtuous organisations may have features that stimulate the virtues in their members. For example, they may promote meaningful work – that is work that is felt by the person doing it to have significance, contributes to personal growth and the development of a wider meaning in an individual’s life, and provides the opportunity to have an impact on the greater good (Steger et al., 2012) – and supportive cultures that help promote virtue. Organisations provide a context where people can be exposed to virtue and this exposure leads to the replication of virtuousness in others, the generation of social capital and strong relationships, and the demonstration of prosaic behaviour where people help others irrespective of the rewards (Cameron et al., 2004).

It is also accepted that whether or not organisations are thought to operate as independent moral actors, that the term organisational virtue is widely used and has been a useful social tool for facilitating discussion of moral actions (Ashman and Winstanley, 2007). Whetstone (2005: 371) goes further stating that:

“… the idea of a virtuous organization can be a useful metaphor, one that that can inform management thinking about what organizational components are needed for enhancing ethical practice”.

So, in this study the language of OV is used to examine activity that is moral in nature and results from people working together collectively in organisations. Having clarified the position taken for this study on these points it is important to move on to the question of what constitute the components of OV.

***The Nature of Virtue in Organisations***

Following the lead of previous studies of OV (e.g. Bright et al., 2014; Cameron et al., 2004; Heugens et al., 2008; Whetstone, 2005), it is accepted that the elements commonly used to describe virtue in individuals are also useful in describing OV, but because they operate at the organisational level they will become collective in nature. Three of these elements are key: the telos, virtues based in a mean between vices, and actions and behaviours.

First, one of the defining elements of virtue is the focus on the telos and how human flourishing is promoted. For an organisation to be virtuous it needs to engage in activities and operate in ways that further human flourishing for society (Dawson and Bartholomew, 2003). Whetstone (2005) argues that a consensual mission is essential in determining the ethical direction of a business and places the responsibility on senior managers to develop this with organisational members. Heugens et al. (2008) when presenting a model of virtuous organisations as moral communities go further arguing that members of an organisation must have the autonomy that allows them to commit to a collective set of moral constraints or practices on the basis of shared reasons and goals of their free will. Only then is it certain that an organisation will only make commitments aimed at its telos rather than some other demands on its members. That is, members of an organisation must commit to the mission in its own right not just because it is instrumental in meeting other ends.

Second, virtues are excellent or admirable characteristics (Dawson, 2015) that enable an organisation to deliver on its mission. Whilst Schudt (2000) argues otherwise[[1]](#footnote-1), the consensus is that organisational virtues constitute a mean between two extreme vices (for example see Bright et al., 2014). In displaying virtues organisations will steer a middle path, for example showing care rather than being indifferent or controlling. What differentiates organisational from individual virtues is that they are collective in nature. That means that whilst they are built on the characteristics of individual members they are accepted across the membership to be excellences or admirable characteristics, an acceptance that is grounded in social interaction. Also they are dependent on collaboration. So, an organisation that holds the virtue of enthusiasm will do so because of the interest and passion of its members, but also because of the way these members work together as a community to maintain momentum when solving the problems they inevitably come across.

Third, virtue in an organisation is displayed through the individual and collective actions of its members. Without action (or deliberate inaction) that has an impact on the development of human flourishing there is only motivation to virtue (Dawson and Bartholomew, 2003). So whilst actions will not be counted as virtuous without good motivations, virtue has to be manifested through activity if it is to be accepted that it exists. For organisations that means their members need to take collective action that has human impact if it is to be accepted that they are showing the virtues (Cameron et al., 2004).

***The Measurement of Organisational Virtue***

It has been argued that OV is displayed through the collective actions and behaviours of an organisation’s members that are motivated by a telos directed at human flourishing. But how can OV be identified in context and more importantly measured in a way that allows for analysis of its impact on social and business outcomes? When beginning to answer this question it becomes clear that in order to meet these objectives any methodology must enable:

* data to be consistently collected across a range of organisations, if not to allow for generalisation, to at least to provide for consistent comparison,
* examination of relationships between OV and its outcomes for individuals, organisations and communities,
* representation of OV as discussed in the previous two sections of this paper.

Existing studies of OV show variable success when compared to these criteria.

Beadle (2013) in his investigation of virtue in UK circus organisations argues that the complexity of virtue means that studies need to adopt a qualitative approach to data collection and adapt hermeneutic techniques to analysis. Whilst his analysis is in itself insightful, by adopting a very narrow focus on the virtue of constancy and basing his analysis on hermeneutic techniques Beadle’s (2013) approach cannot be applied consistently across organisations and fails to provide results that can be compared consistently between organisations. It also fails to allow for the systematic examination of relationships between OV and its potential outcomes.

Moore (2012b) and Fernando and Moore (forthcoming) follow Crockett (2005) and take a more structured approach to investigating the interaction between practices and organisations by introducing an exercise that asks participants to weight excellence factors against success factors. This allows for identification of what participants consider to be virtues as well as a mapping of an organisation’s virtue. This approach has much to recommend it, but it is still in its infancy. Only when case studies have been undertaken across a significant number of organisations and development of a more generic tool taken place will it be possible to use this technique in a way that allows examination of the relationship between OV and other phenomena.

Chun (2005) when developing a scale for OV uses a personality metaphor approach is common in marketing studies. This involves identifying individual personality traits to represent the character of organisations. She derives a list of virtues using a list of human character adjectives (for example sincere, pleasant, and exciting) from the literature before identifying those that recur in the ethics reports of Global 500 firms to provide a list of 34 organisational virtues. Validation of these items with employees and customers of 7 UK firms lead to a final list of 24 items being included in her scale, that through factor analysis provide for 6 dimensions: integrity, empathy, courage, warmth, zeal, and conscientiousness. Whilst Chun’s (2005) approach allows for collection of comparable data across organisations and examination of relationships with other phenomena, not all of the items included are virtues in the sense that they are accepted here. For example, it is not clear how her virtue ‘leading’ is in itself a virtue or how it operates as a mean between excesses, meaning that it does not reflect organisational virtue as described by this study.

Kaptein (2008) in developing a scale also takes an approach that allows for comparison of results and examination of relationships. His scale also fits with the representation of virtues as accepted in this paper. Designed for measuring OV grounded in his corporate ethical virtues model (see Kaptein, 1998, 1999), the scale measures 7 generic and procedural corporate virtues: clarity, congruency, feasibility, supportability, transparency, discussability, and sanctionability. Items are directed at organisational level procedures and behaviours in the individual’s direct work environment and encapsulate how organisational members work together towards moral ends. Despite this fit with the criteria and the validation of two distinct dimensions – role modelling of management and role modelling of direct supervisors – across other studies (Huhtala et al., 2011 & 2013; Kangas et al., 2014; Riivari et al., 2012) the content of the scale emphasises leadership behaviours to the exclusion of other aspects of collaboration between individuals that would be expected to underpin OV. As a result this scale was not adopted for this study.

Finally, Cameron et al. (2004) develop a scale to identify to what extent employees perceive their organisation to hold virtuous characteristics. The instrument focuses on organisational attributes and behaviours that indicate virtuousness of members in and enabled by the organisation. Fifteen items were identified in previously published scales and review of the literature. Exploratory factor analysis provided for five dimensions, optimism, trust, compassion, integrity and forgiveness which with slight variation were supported by Rego et al. (2010) through confirmatory factor analysis. Cameron et al. (2011) develop an improved version of the 2004 scale and the items in this scale are clearly collective in nature, act as means between deficiencies and excesses, and are based in behaviours linked to action. Validation of these items through two studies in the finance and healthcare sectors in the USA that incorporated collection of data across several years, led to the identification of six stable dimensions based in 29 items. This approach meets the criteria and in contrast to Kaptein (2008) provides for a broad focus and as such the scale is adopted to measure OV in this study.

**The Impact of Organisational Virtue on the Potential for Ethical Business Practice**

Cameron et al. (2004) argue that the concept of OV will not gain traction with those in control of businesses if it is not demonstrated to have some useful impact on business practice and performance. They propose and find some support for a relationship between OV and business performance which they theorise is based in the amplifying and buffering effects of virtue. Cameron et al. (2011) demonstrate significant associations between OV and financial performance, work climate, employee participation, and customer satisfaction. This study is interested in the effects of OV on the propensity for people to act ethically. It is proposed that the amplifying effects of OV where people who experience virtuous behaviour are likely to also subsequently act through virtue (Cameron et al., 2004), will lead organisational members to be more aware of moral issues and perceive there to be a greater role for ethics and social responsibility in business. Both should reduce the likelihood that an organisation’s employees will either individually or collectively commit acts that are unethical thus reducing the reputational and legal risks faced by organisations, but also lead to positive cycles of ethical activity that help sustain a thriving business and connected communities.

***Moral Attentiveness***

Awareness of the ethical issues in a given situation is recognised to be a precursor to making ethical decisions (VanSandt et al., 2006). Awareness is often measured through the concept of ethical sensitivity. Several measures of ethical sensitivity exist (Jordan, 2007) each of them based in the cognitive development approach to ethics (e.g. Kohlberg, 1984; Rest, 1986) that relies on external stimuli to promote ethical responses. Each of the measures asks subjects to respond to case studies that act as an external stimulus to identify any ethical issues. Reynolds (2008) argues that the cognitive development approach creates three problems when examining a person’s moral orientation, each based in the need to put specific objectively moral issues to subjects. First, it has to be assumed that a specific event will be objectively moral for all participants which Reynolds (2008) demonstrates may not be the case. Second, measurement becomes specific only to those events presented and cannot be generalised and, third, measurement is limited to the time point at which the problem is presented preventing the examination of longer terms issues.

Instead, working from the perspective of social cognitive theory, Reynolds (2008) argues that ethical behaviour is determined by the interaction of individual factors and factors related to external stimuli. From this position Reynolds (2008) argues for MA as a predictor of ethical behaviour. Following Fiske and Taylor (1991), he argues that the attention paid to a particular stimulus will be determined by its saliency, vividness and accessibility. Saliency is the relevance of the stimuli to the context at hand, vividness how interesting the stimuli is, and accessibility how easily the stimuli fits and is recognised through the individual’s cognitive frameworks. Reynolds (2008) argues that chronic forms of accessibility are deeply embedded, become automatic and hence are more efficient and dominate cognition. As a result they have a disproportionate impact on the way stimuli are interpreted. Reynolds (2008) reasons that moral concepts can serve as a route to chronic accessibility and that when they do they lead people to interpret stimuli through an ethical lens. So, MA is about the process through which a person perceives the world around them and how that impacts on their integration of ethical issues in their thinking. This shift is important when ethical awareness is being related to virtue.

First, to follow the cognitive development approach and rely only on external stimuli as with moral sensitivity fails to recognise how a person’s existing thinking about what constitutes flourishing, the way they are motivated to generate flourishing, and their relative strengths in virtue, impact their decision making. Each of these factors has the potential to shape accessibility and will have a significant influence on how a person approaches situations in context. Second, virtue theory accepts that two people working through virtue could come to very different conclusions about what counts as ethical action in any situation. This is at odds with a position that assumes events can be objectively moral. Together these issues mean that any measure of ethical awareness associated with virtue needs to recognise the role of the individual in determining when a situation is ethical in nature rather than rely on a pre-set categorisation. This points towards MA as the more appropriate measure of awareness for this study.

Reynolds (2008) goes on to argue that MA contains two dimensions, a perceptual dimension and a reflective dimension. In the perceptual dimension information is interpreted immediately and automatically through an ethical lens. With the reflective dimension people reflect back on their experiences from an ethical perspective in a more deliberate fashion. In turn, he defines MA as “the extent to which an individual chronically perceives and considers morality and moral elements in his or her experiences” (Reynolds, 2008: 1028).

Reynolds (2008) in validating the concept of MA found significant associations between MA and measures of normlessness, nurturance, moral identity, and agreeableness. MA has also been shown to have significant associations with moral imagination (Whitaker and Goodwin, 2013), staff willingness to respond to customer complaints about ethics infringements on online blogs (van Laer, 2012) and the perceived role of ethics and social responsibility in business (Wurthmann, 2013).

It is proposed that OV’s amplifying effect will operate to increase a person’s MA. Each of the three elements of virtue contribute to this link. First, where people are exposed to OV they will observe a variety states that can constitute flourishing, both within the organisation and its connected communities. It reveals to people the possibilities for flourishing and makes them more attentive to the opportunities that exist and to where those opportunities are being squandered. Second, being attuned to the possibilities for flourishing will contribute to an individual’s motivation to act for flourishing. Intrinsic to the successful translation of motivation to action will be the ability to analyse real life situations for their impact on flourishing. An individual becomes motivated to pay attention to how flourishing can be promoted in any particular decision. Third, by experiencing particular organisational virtues, the individual will gather knowledge on how to avoid their deficiencies and excesses, but also how they can contribute to flourishing in particular circumstances and in turn become more attentive on each of these points.

So, where an individual works in a context where people collectively demonstrate virtuous behaviours, their experience of these behaviours and the internalisation of that experience will lead them to access the moral frameworks available to them when considering information. In turn, they will become more morally attentive.

Proposition 1: Higher perceived levels of OV will lead people to higher levels of MA.

***Perceived Role of Ethics and Social Responsibility***

Singhapakdi et al. (1995) focus on the role of PRESOR as being a key prerequisite of ethical behaviour. Following Robin and Reidenbach (1987), they argue that there are a set of generally accepted relationships between organisations and people grounded in moral philosophy that influence the way people act. However, for Robin and Reidenbach (1987) these structures are not enough to promote ethical behaviour in individuals in a business context. They assert that for an individual to behave ethically in business they must first perceive ethics and social responsibility as important. “This is a pragmatic view based on an argument that managers must first perceive ethics and social responsibility to be vital to organizational effectiveness before their behaviours will become more ethical and reflect greater social responsibility” (Singhapakdi et al., 2001: 134).

Singhapakdi et al. (1996) argue that PRESOR will have an important impact on the way an individual makes business decisions. Where an individual sees ethics and social responsibility as more important they will be integrated into the individual’s decision making schema both implicitly and explicitly. At an extreme where an individual places very little or no importance on ethics and social responsibility Singhapakdi et al. (1996) go so as far as to suggest that individuals may not identify very real and immediate ethical problems.

Significant work has been done to understand how individuals’ attributes determine PRESOR. Individual variables including commitment to moral self-improvement (Kurpis et al., 2007), moral attentiveness (Wurthmann, 2013), idealism and relativism (Kolodonski et al., 2010; Park, 2005; Singhapakdi et al., 2008; Vitell et al., 2003), spirituality and materiality (Kolodonski et al., 2010), country of residence (Shafer et al., 2007; Vitell and Paolillo, 2004), universalism / benevolence (Shafer et al. 2007), power distance, uncertainty avoidance, Confucian dynamism (Vitell et al., 2003), and perception of recent corporate bankruptcies (Elias, 2004) have all been shown to have significant associations with PRESOR.

Similarly, at an organisational level perception of employers ethics (Pettijohn et al., 2008; Valentine and Fleischman, 2008), institutionalisation of ethics and the existence of codes of ethics (Singhapakdi and Vitell, 2007; Vitell et al. 2003), the existence of transformational leadership (Groves and LaRocca, 2011a), and perceived corporate ethical values (Singhapakdi et al., 2008) have each been shown to have significant associations with PRESOR. Alternatively higher PRESOR scores have also been shown to have impact on organisational outcomes. Pettijohn et al. (2008) find that higher PRESOR scores are associated with higher job satisfaction and lower intention to quit and Vitell and Paolillo (2004) find a significant positive association with organisational commitment. Together these studies point to PRESOR as being an important mediating factor between the ethical environment as it is experienced by an individual, their ethical behaviour, and resulting individual and organisational outcomes.

Following Wurthmann (2013: 138) it seems clear that MA will “guide the individual toward the opinion that ethics and social responsibility are important in business”. It also seems clear that where the dominant ethical environment is set by OV and OV drives MA that the nature of the link between MA and PRESOR will also be influenced by virtue. For example, by focusing people on how flourishing in organisations and communities are connected, OV promotes a role for ethics in driving organisational effectiveness. So, it is proposed that MA will increase the extent to which a person perceives the importance of ethics and social responsibility to organisational effectiveness.

Proposition 2: Higher levels of MA will lead to higher levels of PRESOR.

***The Potential Direct Effect of Organisational Virtue on the Perceived Role of Ethics and Social Responsibility***

Whilst theory and the evidence available from previous studies suggest that OV will act to influence MA and in turn MA will influence PRESOR, it is important to take into account the possibility of other structural relationships. Two seem to have potential and it is sensible to first, examine if OV directly influences PRESOR and second, if MA acts as a mediating variable between OV and PRESOR. This leads to two additional propositions:

Proposition 3: Higher perceived levels of OV will lead to higher levels of PRESOR.

Proposition 4: MA will act as a mediating variable between perceived levels of OV and PRESOR.

INSERT FIGURE 1 ABOUT HERE

**Method**

This section examines the measures adopted and the development of a survey aimed at investigating the relationships between OV, MA and PRESOR. It goes on to examine the composition of the sample and the respondents’ characteristics.

***Measures***

*Organisational Virtue*

Cameron et al.’s (2011) Positive Organisational Practices Scale is adopted as a measure of OV. This scale updates Cameron et al.’s (2004) organisational virtue scale and despite a change of title to focus on positive organisational practices still focuses on the measurement of organisational virtues (personal communication with Cameron 2014).

The scale was developed through the identification of 114 behaviours that represented positive organisational practices in prior research, literature reviews, and observations in organisations. These items had to recall collective behaviours rather than emotions or climate. Analysis of multiple samples (n = 5400) provided for 6 stable dimensions (Caring, Forgiveness, Inspiration, Meaning, Respect integrity and gratitude, and Compassionate support) based on 29 items.

Although other studies using the 2011 version of the OV scale cannot be identified, the 2004 version has been shown to have reliability by Rego et al. (2010). Given this and the significant evidence provided by Cameron et al. (2011) there is confidence that the scale is robust.

*Moral Attentiveness*

MA is measured using Reynolds’ (2008) 12 item scale. Reynolds (2008) developed the scale from twenty-nine items generated from theory. These items were then rated by a panel on how effectively they described the definition of MA. Of the 29 items 12 were rated consistently as effectively representing MA. Reynolds’ (2008) empirical testing of the measure based on a sample of 123 management students provided a two factor solution to factor analysis with seven items representing ‘perceptual moral attentiveness’ (α = .87) and five ‘reflective moral attentiveness’ (α = .84).

The scale has shown consistently high alpha reliability, Whitaker and Goodwin (2013) reporting α = .89 with a sample of 254 US undergraduate students and Wilthermuth and Flynn (2013) α = .90 with a sample of 48 US adults. Wurthmann’s (2013) study of 224 undergraduate business students replicates the factor structure with similarly sound reliability (Perceptual Moral Attentiveness α = .82 and Reflective Moral Attentiveness α = .76).

*Perceived Role for Ethics in Business*

Singhapakdi et al.’s (1995) scale is adopted to measure PRESOR. This PRESOR scale is developed on the basis of Kraft and Jauch’s (1992) Organisational Effectiveness Menu and contains 16 items reflecting different aspects of ethics and social responsibility set against elements of organisational effectiveness. In this first study a three factor solution resulted from factor analysis, the three dimensions being Good ethics is good business (α = .72) Profits are not paramount (α = .69) and Quality and communication (α = .60). The measure is used in over 20 studies[[2]](#footnote-2) reported in the business ethics literature. Whilst – as examined later in more detail – a variety of factor solutions are found, reliability of the scale solutions is satisfactory across the studies.

***Sample Frame and Respondent Profile***

Participants were drawn from 440 people who connected through Linked-in with a university located in the South West region of the UK. Of the 440 people contacted 385 had graduated from a course at the university at some point between 1991 and the autumn of 2013. The remaining 55 were people who were linked to the University for other reasons including that they had worked for the university or had attended an event as part of its business network. All of the 440 had registered their current employment to be in the Human Resource Management field which in this case includes learning and development.

Email messages and a link to the electronic survey were sent to participants through Survey Monkey, a web based survey tool. This provided an efficient way to contact participants who were geographically spread and allowed for easy monitoring of response rates and recording of results. Reminder emails were sent to non-respondents following Dillman et al.’s (2014) framework for surveys.

Of the 440 people sent messages 5 bounced leaving 435 potential respondents. Of those remaining, 172 responded to the survey representing a response rate of 40%. This compares favourably with other surveys collecting data in organisations that would expect a response rate of 35% (Baruch and Holtom, 2008). It was important for this research that respondents had completed all of the scales in the survey. Thirty-five of the respondents failed to complete at least one element of the scales and were excluded from the analysis meaning that it was based on 137 participants, 32% of the potential respondents.

Of the respondents 74.8% were female, 72.3% had worked for their organisation for between 2 and 9 years and the majority 55.5% worked in the private services sector. They worked in a variety of HR related roles from HR administrator (5.1%), through HR Business Partner (18.2%), HR Director (5.8%), to Internal and External HR consultants (6.6% / 5.8%). The sample characteristics are assessed to be representative of the CIPD membership, which is the professional body for HR professionals in the UK.

**Factor Analysis**

This section examines the factor analysis and dimensions present for each scale. This then informs the setting of hypotheses to structure the analysis of the four propositions identified from the literature.

***Confirmatory Factor Analysis***

Confirmatory Factor Analysis (CFA) is used to assess the fit of the dimensions identified in published studies to the data for this study. Comparison is made to solutions identified by Cameron et al. (2011) for OV as it is the sole published study using this scale and Reynolds (2008) for the MA scale as the findings of existing studies replicate his structure. Wurthmann’s (2013) model that results in two dimensions focusing on stakeholder and stockholder perspectives is adopted for CFA of PRESOR as it is an up to date study that presents dimensions that are representative of solutions across published studies.

CFA is conducted using IBM SPSS AMOS software. Multiple fit indices are adopted. The number of observed variables in the models relative to the sample size (*n*=137) means that for analysis of MA and PRESOR the analysis can be considered satisfactory, but for OV must be taken as exploratory. As a result the most robust cut offs are adopted when assessing model fit with Chi square/ df (<3), P (>.05), CFI (>.95), GFI (>.95), AGFI (>.80), RMSEA (<.05) and PCLOSE (>.05).

The results show that in each case the models tested are not a good fit for the data in this study (Table 1). Despite the models for OV and PRESOR displaying satisfactory Chi square/ df , *P* is still significant and they display poor fit across the other fit indices. The model for MA displays better fit, but does not meet the thresholds adopted for this study.

INSERT TABLE 1 ABOUT HERE

Adjusting the models following the modification indices and standard residual covariances fails to deliver models that meet the threshold set for fit. The results of the CFA suggest that different factor structures are at work with HR professional’s in the UK compared to other samples. In line with the advice of Hurley et al. (1997) and Schmitt (2011) the analysis reverts to Exploratory Factor Analysis (EFA) to identify the dimensions at work.

***Exploratory Factor Analysis***

EFA is carried out using the Principal Components method and Varimax rotation with kaiser normalization with *n*=137. Loadings of 0.5 are considered to represent statistical significance with a sample of this size (Comrey, 1973; Tabachnick and Fidell, 1996; Hair et al., 1998).

The analysis for OV results in a four factor solution based on 16 items. The items cover a range of organisational virtues that have the potential to promote flourishing of both organisations and communities. The four factors are entitled ‘Respect and Relationships’, ‘Compassion and Support’, ‘Trust and Forgiveness’, and ‘Meaningful Work’ (Table 2). In organisations perceived as being high on ‘Respect and Relationships’ people treat each other with respect and build strong relationships. A high score on ‘Compassion and Support’ indicates an organisation where people care for and help others. People in organisations high on ‘Trust and Forgiveness’ are perceived not to blame others and as trusting of colleagues. Finally organisations high on ‘Meaningful Work’ are collectively elevated by the significance of their work, find wider meaning from work, and see the purpose of their work.

INSERT TABLE 2 ABOUT HERE

For MA a two factor solution results that reflects that found by Reynolds (2008) and Wurthmann (2013), however, because of evidence of cross loading two items are deleted (Table 3). The first dimension labelled ‘Perceptual Moral Attentiveness’ refers to a person’s recognition of ethical issues in everyday situations and decisions. The second dimension labelled ‘Reflective Moral Attentiveness’ relates to the extent to which a person reflects on moral issues.

INSERT TABLE 3 ABOUT HERE

Studies using the PRESOR scale have reported several factor solutions. What is consistent across the different solutions is that there is one dimension that focuses on the reverse scored items that give priority to business issues other than ethics and social responsibility. The remaining dimensions prioritise ethical issues. Here a three factor solution results from the analysis for PRESOR. ‘Stakeholder: Effectiveness’ best describes the first factor. The second factor ‘Stakeholder: Compatibility’ contains items that focus on how ethics and social responsibility are compatible. The ‘Stockholder’ factor contains items that prioritise business objectives over ethics reflecting the results of previous studies (Axinn et al., 2004; Shafer et al., 2007; Wurthmann 2013).

INSERT TABLE 4 ABOUT HERE

***Hypotheses***

Identification of the dimensions of each scale suggests that there will be multiple potential relationships between each of the theoretical concepts of OV, MA and PRESOR and multiple hypotheses related to each proposition as a result. In total 50 potential relationships were identified for examination. This section will limit itself to identifying their key attributes.

Under proposition 1, it is hypothesised that each of the OV dimensions will be positively associated with Perceptual and Reflective Moral attentiveness. That is, those who perceive people in their organisation to collectively display more of the behaviours indicative of OV and experience more respect, compassion, trust and meaningful work are more likely to display higher levels of Perceptual and Reflective Moral Attentiveness. This results in eight hypotheses.

For proposition 2 it is argued that higher MA will lead people to perceive there to be a greater role for ethics and social responsibility in business. This leads to the expectation that higher levels of Reflective and Perceptual Moral Attentiveness will be positively associated with the stakeholder dimensions of PRESOR and negatively associated with the stockholder dimension. This results in 6 hypotheses.

Proposition 3, that OV will show direct relationships with PRESOR, leads to 12 hypotheses and suggests the same directions of association as we expect with MA. Hence, higher scores on each of the OV dimensions would be expected to be associated with a higher score on the stakeholder dimensions of PRESOR and negatively associated with the stockholder dimension.

Finally, proposition 4 suggests that the MA dimensions will act to mediate any relationship between the OV and PRESOR dimensions and leads to 24 potential relationships. The first 12 hypotheses examine the potential relationship between OV dimensions and PRESOR dimensions as mediated by Perceptual Moral Attentiveness. The expectation is that Perceptual Moral Attentiveness will mediate positive associations between the OV dimensions and the PRESOR stakeholder dimensions and negative associations between the OV dimensions and PRESOR Stockholder dimension. The remaining 12 hypotheses follow the same pattern, but mediated by Reflective Moral Attentiveness.

**Results**

Examination of the descriptive statistics and Pearson correlation coefficients in Table 5 shows that the range in values is acceptable given that a five point Likert scale was used for each item. The means of the OV dimensions are each slightly above the mid-point of the scale. Similarly, the MA Perceptual Moral Attentiveness (*M*=2.92) and MA Reflective Moral Attentiveness (*M*=2.27) show means above the mid-point of the scale. In each case these results reflect those of previous studies (Cameron et al. 2011, and Reynolds 2008). When examining the mean for the PRESOR dimensions it can be seen that respondents had a substantial preference for PRESOR Stakeholder: Compatibility (*M* = 1.73) and PRESOR Stakeholder: Effectiveness (*M* = 2.41) over the PRESOR Stockholder (*M* = 3.80) dimension. Again this reflects the position of previous studies (Axinn et al., 2004; Shafer et al., 2007; and Wurthmann, 2013). The Pearson correlation coefficients and the variance inflation factors show no evidence of multicollinearity between the scale dimensions.

INSERT TABLE 5 ABOUT HERE

Proposition 1 is addressed by multiple regression with MA Perceptual Moral Attentiveness and MA Reflective Moral Attentiveness as dependent measures (Table 6). Only OV Meaningful Work provides a significant (*p*< .01) association with MA Reflective Moral Attentiveness. Indeed, in general there seems to be little support for relationships between OV and MA.

INSERT TABLE 6 ABOUT HERE

The multiple regression with the PRESOR Stakeholder: Effectiveness, PRESOR Stakeholder: Compatibility and PRESOR Stockholder dimensions as dependent measures are shown in Table 7 and address the hypotheses for propositions 2 and 3. Some support can be seen for proposition 2. Both the PRESOR Stakeholder: Effectiveness (*p*< .005) and PRESOR Stakeholder: Compatibility (*p*< .000) dimensions are significantly positively associated with MA Reflective Moral Attentiveness confirming the association found by Wurthmann (2013). Also, as predicted, a significant (*p*<.000) negative association is shown between the PRESOR Stockholder view and MA Reflective Moral Attentiveness. However, against the predicted direction, the PRESOR Stockholder view is also significantly (*p*< .05) positively associated with MA Perceptual Moral Attentiveness. Whilst Wurthmann (2013) does not find the association to be significant, he also finds results that suggested a positive association between the stakeholder view and perceptual moral attentiveness.

Support for proposition 3 and a direct effect between OV and PRESOR is limited. Holding the PRESOR Stakeholder: Compatibility view is significantly (*p*< .05) negatively associated with OV Trust and Forgiveness. Holding the PRESOR Stockholder view is significantly (*p*< .005) positively associated with OV Trust and Forgiveness. Each of these associations is in the opposite direction to those hypothesised. In addition, holding the PRESOR Stockholder view is significantly negatively associated with OV Respect and Relationships’ (*p*< .05) and holding the PRESOR Stakeholder: Compatibility view is significantly (*p*< .1) positively associated with OV Meaningful Work.

INSERT TABLE 7 ABOUT HERE

Finally, analysis to examine proposition 4 used a single mediation model following the procedures set by Preacher and Hayes (2008). This procedure allows simultaneous examination of the total direct effects of OV dimensions on PRESOR dimensions at the same time as the specific indirect effects through the MA dimensions. The procedure adopts both products-of-coefficients approach and nonparametric bootstrapping employing percentile, bias corrected, and bias corrected and accelerated 95% confidence intervals. Analysis is restricted to those OV dimensions that show in Tables 6 and 7 that they have the potential to impact on PRESOR through the mediation of MA. As shown in Table 8 the associations between OV Trust and Forgiveness and PRESOR are not mediated by MA. However, MA Reflective Moral Attentiveness is shown to mediate associations between OV Meaningful Work and PRESOR dimensions thus providing some support for proposition 4.

INSERT TABLE 8 ABOUT HERE

**Discussion**

This is the first study to examine the link between OV and measures that indicate the potential for employees’ ethical behaviour through exploring the link to MA and PRESOR. Following only Cameron et al. (2004, 2011), Huhtala et al. (2011, 2013), Kaptein (2008), and Riivari et al. (2012), it is one of the first studies to examine the link between OV and other variables. It provides evidence that supports confirmation of MA and PRESOR dimensions, suggests the need for work to further develop the theoretical grounding of OV, and points to a significant role for meaningful work in promoting ethical awareness and attitudes in a business context. This section goes on to examine these themes in more detail.

First, the results confirm the dimensions for MA with a sample who are practicing business (rather than students) and in the UK rather than the USA. This validates Reynold’s (2008) scale in new contexts. The stability of this scale across samples suggests that the underlying theory is robust and that MA as a concept can be depended on to understand the extent to which individuals engage with ethical issues. In short, we can have confidence in the grounding of MA theoretically and empirically.

In replicating patterns from previous studies when identifying the dimensions of the PRESOR scale this research confirms the stockholder and stakeholder perspectives. In identifying two dimensions under the stakeholder perspective it also contributes to an emerging pattern. Of more importance is the distinction between effectiveness and compatibility in the stakeholder view. Where the results suggest that, although positive about both dimensions, HR practitioners are more positive about the compatibility of ethics with business objectives than the idea that ethics leads to business effectiveness, it suggests that the case for ethics impacting business outcomes may not have been fully made.

Moving on to examine the interaction between MA and PRESOR it is important to note the results here differ from those found by Wurthmann (2013) with business students in the USA. Although he found positive associations between reflective moral attentiveness and the stakeholder view he did not find a negative association with the stockholder view. He concluded that whilst the business students agreed that ethics and social responsibility were important to business, they may be undecided on whether or not business issues should be given priority against them. It seems that the HR practitioners examined in this study, having experience of the workplace, have much more confidence in stating the importance of ethics and social responsibility over business issues. Indeed, this suggests that experience of work may have an important influence on a person’s perceptions of ethical issues.

In addition, that the current study also finds that MA Perceptual Moral Attentiveness is significantly positively associated with the PRESOR Stockholder view indicates that a rising awareness of ethical issues may not on its own lead people to see the potential for ethics in business. For people to support the stakeholder view it seems raising the reflective capacity of individuals and giving them space to reflect is more important. This means that organisations need to consider the impact of pressured work environments and the subsequent reduction in time to reflect – whether they be caused by the stresses of workloads or the demandingness of targets – on the ethical behaviour of their staff.

Second, the results together suggest that further development needs to take place on the theoretical grounding of OV. Although factor analysis of Cameron et al.’s (2011) positive organisational practices scale broadly confirms four of the concepts that underpin their six dimensions, that the data in this study suggests a four factor solution based on 13 fewer items is of significance. On the one hand it provides for dimensions that are more amenable to theory building as well as a more efficient scale. On the other it begins to raise questions about how the dimensions are justified theoretically.

This concern is increased when the significant associations between OV and PRESOR are examined. In particular, OV Trust and Forgiveness is significantly positively associated with the PRESOR Stockholder dimension and significantly negatively associated with the PRESOR Stakeholder: Compatibility dimension contrary to the hypotheses. It is possible that the nature of the items surrounding OV Trust and Forgiveness – focusing on not placing blame and forgiving mistakes – leads to an acceptance that it is almost inevitable that business issues will prevail over those of ethics and social responsibility. Whilst further work needs to be done to examine the exact mechanisms at work, the wider point that detailed theory building needs to take place across the OV dimensions is clearly made.

This provides additional support for Bright et al.’s (2014) call for further work concentrating on developing a nuanced theoretical framework to underpin OV and its impact. However, the need to develop theory and the lack of support for relationships between OV and PRESOR in this study across the full range of dimensions should not be taken to mean that there is no potential for OV in promoting ethics beyond those significant associations found. Rather, at this early stage, it should be taken to indicate that there are more subtle and complex mechanisms at work than the model tested in this paper assumes.

Third, experience of meaningful work is shown to be significant in fostering reflection on moral issues, but also a belief in the compatibility between ethical and business activity. In particular, in demonstrating that HR professionals’ experience of meaningful work (OV meaningful work) in particular thorough which they are elevated, find meaning, and see a wider purpose in what they do is significantly positively associated with higher levels of reflection on ethical issues (MA Reflective Moral Attentiveness), this research suggests that meaningful jobs prompt a reflective approach and subsequently moral attentiveness. Moreover, that mediated regression analysis demonstrate that OV meaningful work and MA reflective moral attentiveness are shown to combine to increase PRESOR Stakeholder: Compatibility and HR practitioners perceptions of the compatibility between ethics, social responsibility and other organisational objectives including making profit, not only provides evidence that supports Cameron et al.’s (2004) thesis that organisational virtue can have amplifying effects, but also provides a key focus for the promotion of ethical behaviour.

Whilst, again, further work needs to be done to examine the exact nature of the relationships between meaningful work, reflective moral attentiveness, and the perception of compatibility between ethical and business objectives, these findings suggest that providing meaningful work should become central to organisations’ efforts to foster ethical business practices. Moreover, it presents a case for extending research on the place of meaningful work in promoting ethical attitudes and behaviours and the work of authors such as Schwartz (1982), Arnold et al. (2007), Bunderson and Thompson (2009), and Steger et al. (2012) following the clear research agenda set by Beadle and Knight (2012).

**Conclusions**

This paper presents a study that sets out to contribute to the development of empirical research on the impact of virtue ethics in business. It does this through the examination of virtue at the organisational level and, in particular, investigation of how organisational virtues can contribute to the potential for ethical action in business through the development of moral attentiveness and an increase in the perceived role for ethics and social responsibility in creating organisational effectiveness. In addressing this agenda the study leads to two significant conclusions that have consequences for practice and future research.

First, the study suggests that experiencing meaningful work is a significant determinant of whether HR practitioners see ethics and social responsibility as being compatible with other business objectives. If it is accepted that this result can be generalised to other groups, it is a key finding. It shows that organisations that are interested in minimising the risks of staff being involved in ethical transgressions and want to proactively encourage an ethical culture and its associated practices should start by examining how they create meaningful work experiences for their employees. It also suggests that further research into the role of meaningful work in promoting ethical behaviours should be a priority when examining the potential effects of virtue in organisations.

Second, despite the clear evidence surrounding meaningful work, the study has shown that the link between OV and PRESOR dimensions is more complex than the model in this study supposed and that a more nuanced theory needs to be developed. This may happen through one of two routes. It may mean the development of a model that better explains the links between Cameron et al.’s (2011) positive organisational practices and indicators of the potential for ethical behaviour in organisations, or it may mean the development of alternative scales that include a broader focus on motivations as well as behaviours. Either way, this paper lends support to Bright et al.’s (2014) call to bring theory and frameworks from philosophy and business ethics and the more data oriented approaches of positive organisational psychology together. Indeed, this paper demonstrates that it will be important for researchers from both fields to work together in this endeavour.

In coming to these conclusions, this paper has made progress in examining the impact of virtue in business, but also highlights some key challenges for future research. These are challenges that need to be met if the case for virtue in a business context is to be made.

**References**

Audi, R. (2012). Virtue ethics as a resource in business. Business Ethics Quarterly. 22(2), 273–291.

Arnold, K., Turner, N., Barling, J., Kelloway, E. and McKee, M. (2007). Transformational leadership and psychological well-being: The mediating role of meaningful work. Journal of Occupational Health Psychology. 12(3), 193-203.

Ashman, I. and Winstanley, D. (2007). For or against corporate identity? Personification and the problem of moral agency. Journal of Business Ethics. 76, 83-95.

Axinn, C., Blair, M., Heorhiadi, A. and Thach, S. (2004). Comparing ethical ideologies across cultures. Journal of Business Ethics. 54, 103-119.

Baruch, Y. and Holtom, B. (2008). Survey reponse rate levels and trends in organizational research. Human Relations. 61(8), 1139-1160.

Beadle, R. (2001). MacIntyre and the amorality of management. Paper presented at the second international conference of critical management studies, Manchester: UMIST.

Beadle, R. (2002). The misappropriation of MacIntyre. Reason in Practice. 2(2), 45–54.

Beadle, R. (2013). Managerial work in a practice-embodying institution: The role of calling, the virtue of constancy. Journal of Business Ethics. 113, 679–690.

Beadle, R. and Knight, K. (2012). Virtue and meaningful work. Business Ethics Quarterly. 22(2), 433–450.

Bertland, A. (2009). Virtue ethics in business and the capabilities approach. Journal of Business Ethics. 84, 25–32.

Bright, D., Winn, B. and Kanov, J. (2014). Reconsidering virtue: Differences of perspective in virtue ethics and the positive social sciences. Journal of Business Ethics. 119, 445-460.

Buchholz, R. and Rosenthal, S. (2006). Intergrating ethics all the way through: The issue of moral agency reconsidered. Journal of Business Ethics. 66, 233-239.

Burnaz, S., Atakan, M., Topcu, Y. and Singhapakdi, A. (2010). An exploratory cross-cultural analysis of marketing ethics: The case of Turkish, Thai, and American businesspeople. Journal of Business Ethics. 90, 371-382.

Bull, C. and Adam, A. (2011). Virtue ethics and customer relationship management: Towards a more holistic approach for the development of ‘best practice’. Business Ethics: A European Review. 20(2), 121–130.

Bunderson, J. and Thompson, J. (2009). The call of the wild: Zookeepers, callings, and the double edged sward of deeply meaningful work. Administrative Science Quarterly. 54, 32-57.

Cameron, K., Bright, D. and Caza, A. (2004). Exploring the relationships between organizational virtuousness and performance. The American Behavioural Scientist. 47(6), 766-790.

Cameron, K., Mora, C., Leutscher, T. and Calarco, M. (2011). Effects of positive practices on organizational effectiveness. The Journal of Applied Behavioural Science. 47(3), 266-308.

Chun, R. (2005). Ethical character and virtue of organizations: An empirical assessment and strategic implications. Journal of Business Ethics. 57, 269–284.

Comrey, A. (1973). A first course in factor analysis. Academic Press: New York.

Crockett, C. (2005). The cultural paradigm of virtue. Journal of Business Ethics. 62, 191-208.

Crossan, M., Mazutis, D. and Seijts, G. (2013). In search of virtue: The role of virtues, values and character strengths in ethical decision making. Journal of Business Ethics. 113, 567-581.

Dawson, D. (2015). Two forms of virtue ethics: Two forms of virtuous action in the fire service dispute. Journal of Business Ethics. 128:3, 585-681.

Dawson, D. and Bartholomew, C. (2003). Virtues, managers and business people: Finding a place for MacIntyre in a business context. Journal of Business Ethics. 48, 127–138.

Dillman, D., Smyth, J. and Christian, L. (2014). Internet, mail and mixed mode surveys: The tailored design method, (4th ed.). New York: Wiley.

Dobson, J. (1997). Virtue ethics as a foundation for business ethics: A MacIntyre based critique. Unpublished paper presented at the second international symposium on Catholic Social Thought and Management Education, University of Antwerp, Belgium.

Elias, R. (2004). An examination of business students’ perception of corporate social responsibilities before and after bankruptcies. Journal of Business Ethics. 52, 267-281.

Etheredge, J. (1999). The perceived role of ethics and social responsibility: An alternative scale structure. Journal of Business Ethics. 18, 51-64.

Fernando, M., and Moore, G. (Forthcoming). MacIntyrean virtue ethics in business: A cross cultural comparison. Journal of Business Ethics. (online August 2014).

Fiske, S. T. and Taylor, S. E. (1991). Social cognition (2nd ed.). McGraw Hill: New York.

French, P. (1979). The corporation as a moral person. American Philosophical Quarterly. 16(3), 207–215.

French, P. (1984). Collective and corporate responsibility. Columbia University Press: New York, NY.

Gowri, A. (2007). On corporate virtue. Journal of Business Ethics. 70, 391-400.

Godos-Diez, J., Fernandez-Gago, R. and Martinez-Campillo, A. (2011). How important are ceos to csr practices? An analysis of the mediating effect of the perceived role of ethics and social responsibility. Journal of Business Ethics. 98, 531-548.

Groves, K. and LaRocca, M. (2011a). Responsible leadership outcomes via stakeholder csr values: Testing a values-centred model of transformational leadership. Journal of Business Ethics. 98, 37-55.

Groves, K. and LaRocca, M. (2011b). An empirical study of leader ethical values, transformation and transactional leadership, and follower attitudes toward corporate social responsibility. Journal of Business Ethics. 103, 511-528.

Hair J., Tatham R., Anderson R. and Black, W. (1998). Multivariate data analysis. (5th ed.) Prentice-Hall: London.

Huhtala, M., Feldt, T., Hyvonen, K. and Mauno, S. (2013). Ethical organisational culture as a context for managers’ personal work goals. Journal of Business Ethics. 114, 265-282.

Huhtala, M., Feldt, T., Lamsa, A., Mauno, S. and Kinnunen, U. (2011). Does the ethical culture of organisations promote managers’ occupational weel-being? Investigating indirect links via ethical strain. Journal of Business Ethics. 101, 231-247.

Hurley, A.; Scandura, T.; Schriesheim, C.; Brannick, M.; Seers, A.; Vandenberg, R. and Williams, L. (1997). Exploratory and confirmatory factor analysis: guidelines, issues, and alternatives. Journal of Organizational Behaviour. 18, 667-683.

Heugens, P., Kaptein, M. and Van Oosterhout, J. (2008). Contracts to communities: A processual model of organization virtue. Journal of Management Studies. 45(1), 100-121.

Jordan, J. (2007). Taking the first step toward a moral action: A review of moral sensitivity measurement across domains. The Journal of Genetic Psychology. 168, 323-359.

Kangas, M., Feldt, T., Huhtala, M. and Rantanen, J. (2014). The corporate ethical virtues scale: Factorial invariance across organisational samples. Journal of Business Ethics. 124, 161-171.

Kaptein, M. (1998). Ethics management: Auditing and developing the ethical content of organizations. Springer: Dordrecht.

Kaptein, M. (1999). Integrity management. European Management Journal. 17, 625–634.

Kaptein, M. (2008). Developing and testing a measure for the ethical culture of organizations: The corporate ethical virtues model. Journal of Organizational Behaviour. 29, 923-957.

Kohlberg, L. (1984). The psychology of moral development: The nature and validity of moral stages. Harper & Row: New York.

Kolodinsky, R., Madden, T., Zisk, D. and Henkel, E. (2010). Attitudes about corporate social responsibility: Business student predictors. Journal of Business Ethics. 91, 167-181.

Kraft, K. and Jauch, L. (1992). The organizational effectiveness menu: A device for stakeholder assessment. MidAmerican Journal of Business. 7(1), 18-23.

Kurpis, L., Beqiri, M. and Helgeson, J. (2008). The effects of commitment to moral self-improvement and religiosity on ethics of business students. Journal of Business Ethics. 80, 447-463.

Libby, T. and Thorne, L. (2007). The development of a measure of auditors’ virtue. Journal of Business Ethics. 71, 89-99.

MacIntyre, A. (1985). After virtue. Duckworth: London.

Maitland, I. (1997). Virtuous markets: The market as school of the virtues. Business Ethics Quarterly. 7(1), 17–31.

Moore, G. (2002). On the implications of the practice institution distinction: MacIntyre and the application of modern virtue ethics to business. Business Ethics Quarterly. 12(1), 19–32.

Moore, G. (2003). Hives and horseshoes, Mintzberg or MacIntyre: What future for corporate social responsibility. Business Ethics: A European Review. 12(1), 41–54.

Moore, G. (2005). Humanizing business: A modern virtue ethics approach. Business Ethics Quarterly. 15(2), 237–255.

Moore, G. (2012a). The virtue of governance, the governance of virtue. Business Ethics Quarterly. 22(2), 293–318.

Moore, G. (2012b). Virtue in business: Alliance Boots and an empirical exploration of macintyre’a conceptual framework. Organizational Studies. 33(3), 363-387.

Morse, J. (1999). The missing link between virtue theory and business ethics. Journal of Applied Philosophy. 16(1), 47–58.

Palanski, M., Kahai, A. and Yammarino, F. (2011). Team virtues and performance: An examination of transparency, behavioural integrity, and trust. Journal of Business Ethics. 99, 201-216.

Park, H. (2005). The role of idealism and relativism as dispositional characteristics in the socially responsible decision-making process. Journal of Business Ethics. 56, 81-98.

Payne, G., Brigham, K., Broberg, C., Moss, T. and Short, J. (2011). Organizational virtue orientation and family firms. Business Ethics Quarterly. 21(2), 257-285.

Pettijohn, C., Pettijohn, L. and Taylor, A. (2008). Salesperson perceptions of ethical behaviours: their influence on job satisfaction and turnover intentions. Journal of Business Ethics. 78, 547-557.

Preacher, K. and Hayes, A. (2008). Asymptotic and resampling strategies for assessing and comparing indirect effects in multiple mediator models. Behaviour Research Methods. 40(3), 879-891.

Promislo, M., Giacalone, R. and Welch, J. (2012). Consequences of concern: ethics, social responsibility, and well-being. Business Ethics: A European Review. 21(2), 209 – 219.

Pruzan, P. (2001). The question of organizational consciousness: Can organizations have values, virtues, and visions? Journal of Business Ethics. 29, 271-284.

Rego. A., Junior, D. and Pina e Cunha, M. (2015). Authentic leaders promoting store performance: the mediating roles of virtuousness and potency. Journal of Business Ethics. 128 (3), 617-634.

Rego, A., Vitorai, A., Magalhaes, A., Ribeiro, N. and Pina e Cunha, M. (2013). Are authentic leaders associated with more virtuous, committed and potent teams? The Leadership Quarterly. 24, 61-79.

Rego, A., Ribeiro, N. and Cunha, M. (2010). Perceptions of organizational virtuousness and happiness as predictors of organizational citizenship behaviours. Journal of Business Ethics. 93, 215-235.

Reynolds, S. (2008). Moral attentiveness: Who pays attention to the moral aspects of life? Journal of Applied Psychology, 93(5), 1027-1041.

Rest, J. R. (1986). Moral development: Advances in research and theory. Praeger: New York.

Riivari, E., Lamsa, A., Kujala, J. and Heiskanen, E. (2012). The ethical culture of organisations and organisational innovativeness. European Journal of Innovation Management. 15(3), 310-331.

Robin, D. and Reidenbach, R. (1987). Social responsibility, ethics, and marketing strategy: Closing the gaps between concept and applications. Journal of Marketing. 51, 44-58.

Schmitt, T. (2011) Current methodological considerations in exploratory and confirmatory factor analysis. Journal of Psychoeducational Assessment. 29(4), 304-321.

Schudt, K. (2000). Taming the corporate monster: An Aristotelian approach to corporate virtue. Business Ethics Quarterly. 10(3), 711-723.

Schwartz, A. (1982). Meaningful Work. Ethics. 92(4), 634-646.

Shafer, W., Fukukawa, K. and Lee, G. (2007). Values and the perceived importance of ethics and social responsibility: The US versus China. Journal of Business Ethics. 70, 265-284.

Shanahan, K. and Hyman, M. (2003). The development of a virtue ethics scale. Journal of Business Ethics. 42, 197-208.

Shaw, B. (1997). Sources of virtue: The market and the community. Business Ethics Quarterly. 7(1), 33–50.

Singhapakdi, A., Gopinath, M., Marta, J. and Carter, L. (2008). Antecedents and consequences of perceived importance of ethics in marketing situations: A study of Thai businesspeople. Journal of Business Ethics. 81, 887-904.

Singhapakdi, A., Kraft, K., Vitell, S. and Rallapalli, K. (1995). The perceived importance of ethics and social responsibility on organizational effectiveness: A survey of marketers. Journal of the Academy of Marketing Science. 23(1), 49-56.

Singhapakdi, A., Karande, K., Roa, C. and Vitell, S. (2001). How important are ethics and social responsibility? A multinational study of marketing professionals. European Journal of Marketing. 35(1/2), 133-153.

Singhapakdi, A. and Vitell, S. (2007). Institutionalization of ethics and its consequences: A survey of marketing professionals. Journal of the Academy of Marketing Science. 35, 284-294.

Singhapakdi, A., Vitell, S., Rallapalli, K. and Kraft, K. (1996). The perceived role of ethics and social responsibility: A scale development. Journal of Business Ethics. 15, 1131-1140.

Steger, M., Dik, B.and Duffy, R. (2012). Measuring meaningful work: The work and meaning inventory (WAMI). Journal of Career Assessment. 20(3), 322-337.

Sundman, P. (2000). The good manager—a moral manager? Journal of Business Ethics. 27, 247–254.

Tabachnick, B. and Fidell, L. (1996). Using multivariate statistics (3rd ed.) Harper Collins: New York.

Valentine, S. and Fleischman, G. (2008). Ethics programme, perceived corporate social responsibility and job satisfaction. Journal of Business Ethics. 77, 159-172.

VanSandt, C.; Shepard, J. and Zappe, S. (2006). An examination of the relationship between ethical work climate and moral awareness. Journal of Business Ethics. 68, 409-432.

Velasquez, M. (2003). Debunking corporate moral responsibility. Business Ethics Quarterly. 13:4, 531–562.

van Laer, T., de Ruyter, K. and Cox, D. (2012). A walk in customers’ shoes: How attentional bias modification affects ownership of integrity-violating social media posts. Journal of Interactive Marketing. 27, 14-27.

Vitell, S., and Hidalgo, E. (2006). The impact of corporate ethical values and enforcement of ethical codes on the perceived importance of ethics in business: A comparison of us and spanish managers. Journal of Business Ethics. 64, 31-43.

Vitell, S., Paolillo, G. and Thomas, J. (2003). The perceived role of ethics and social responsibility: A case study of marketing professionals. Business Ethics Quarterly. 13(1), 63-86.

Vitell, S. and Paolillo, J. (2004). A cross-cultural study of the antecedents of the perceived role of ethics and social responsibility. Business Ethics: A European Review. 13(2/3), 185-197.

Warren, R. (1996). The empty company: Morality and job security. Personnel Review. 25(6), 41–53.

Whetstone, J. T. (2003). The language of managerial excellence: Virtues as understood and applied. Journal of Business Ethics. 44(4), 343–357.

Whetstone, J. T. (2005). A framework for organizational virtue: the interrelationship of mission, culture and leadership. Business Ethics: A European Review. 14(4), 367–378.

Whitaker, B. and Goodwin, L. (2013). The antecedents of moral imagination in the workplace: A social cognitive theory perspective. Journal of Business Ethics. 114, 61-73.

Wilthermuth, S. and Flynn, F. (2013). Power, moral clarity and punishment in the workplace. Academy of Management Journal, 56(4), 1002-1023.

Wurthmann, K. (2013). A social cognitive perspective on the relationships between ethics education, moral attentiveness, and presor. Journal of Business Ethics. 114, 131-153.



Figure 1: A model of the relationships between Organisational Virtue, Moral Attentiveness and the Perceived Role of Ethics and Social Responsibility in Creating Organisational Effectiveness

Table 1: Confirmatory factor analysis results

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Variable Modelled | Chi square/ df | P | CFI | GFI | AGFI | RMSEA | PCLOSE |
| Organisational Virtue Cameron et al. 2011) | 2.403 | .000 | .847 | .680 | .615 | .102 | .000 |
| Moral Attentiveness(Reynolds 2008) | 1.448 | .018 | .968 | .915 | .875 | .057 | .317 |
| PRESOR(Wurthmann 2013) | 1.872 | .000 | .903 | .883 | .834 | .800 | .016 |

Table 2: Organisations Virtue items and exploratory factor analysis results

|  |  |
| --- | --- |
| Items | Factor loading |
| *Factor 1 – Respect and relationships (a = .916)* |  |
| We share enthusiasm with one another | .805 |
| We show appreciation for one another | .735 |
| We express gratitude to each other | .713 |
| We treat each other with respect | .667 |
| We build strong interpersonal relationships | .648 |
| We are responsive to each other | .642 |
| *Factor 2 – Compassion and support (a = .807)* |  |
| We help people who are facing difficulty | .795 |
| We care for fellow employees who are struggling | .727 |
| We think of each other as friends | .530 |
| *Factor 3 – Trust and forgiveness (a =.887)* |  |
| We do not blame one another when mistakes are made | .822 |
| We correct errors without placing blame | .816 |
| We trust one another | .662 |
| We forgive mistakes | .608 |
| *Factor 4 – Meaningful work (a = .775)* |  |
| We see the larger purpose in our work | .772 |
| We feel that our work has profound meaning | .745 |
| We are being elevated by our work | .720 |

Table 3: Moral attentiveness items and exploratory factor analysis results

|  |  |
| --- | --- |
| Item | Factor loading |
| *Factor 1 – Perceptual Moral Attentiveness (a = .839)* |  |
| I frequently encounter ethical situations | .800 |
| I rarely face ethical dilemmas  | .733 |
| In a typical day, I face several ethical dilemmas | .718 |
| My life has been filled with one moral predicament after another | .714 |
| Many of the decisions that I make have ethical dimensions to them | .655 |
| I often have to choose between doing what's right and doing something that's wrong | .594 |
| *Factor 2 – Reflective Moral Attentiveness (a = .796)* |  |
| I often reflect on the moral aspects of my decisions | .800 |
| I like to think about ethics  | .796 |
| I think about the morality of my actions almost every day | .741 |
| I regularly think about the ethical implications of my decisions | .653 |

Table 4: PRESOR items and exploratory factor analysis results

|  |  |
| --- | --- |
| Items | Factor Loading |
| *Factor 1 – Stakeholder: Effectiveness (a = .785)* |  |
| A firm's first priority should be employee morale | .779 |
| Being ethical and socially responsible is the most important thing a firm can do | .753 |
| The overall effectiveness of a business can be determined to a great extent by the degree to which it is ethical and socially responsible | .710 |
| Business ethics and social responsibility are critical to the survival of a business enterprise | .661 |
| *Factor 2 – Stakeholder: Compatibility (a = .774)* |  |
| Good ethics is often good business | .734 |
| Social responsibility and profitability can be compatible | .671 |
| Business has a social responsibility beyond making a profit | .531 |
| *Factor 3 – Stockholder (a = .643)* |  |
| The most important concern for a firm is making a profit, even if it means bending or breaking the rules | .779 |
| If the shareholders are unhappy, nothing else matters | .763 |
| If survival of a business enterprise is at stake, then ethics and social responsibility must be ignored | .685 |
| While output quality is essential to corporate success, ethics and social responsibility is not | .671 |

Table 5: Descriptive statistics and Pearson correlation coefficients (N=137)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|   | Mean | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1. OV Respect and Relationships | 2.11 | 0.69 |  |  |  |  |  |  |  |  |
| 2. OV Compassion and Support | 2.19 | 0.68 | 0.69 |   |   |   |   |   |   |   |
| 3. OV Trust and Forgiveness | 2.55 | 0.86 | 0.68 | 0.64 |   |   |   |   |   |   |
| 4. OV Meaningful Work | 2.37 | 0.75 | 0.53 | 0.46 | 0.57 |   |   |   |   |   |
| 5. MA Perceptual Moral Attentiveness | 2.92 | 0.79 | -0.01 | -0.01 | 0.02 | 0.07 |   |   |   |   |
| 6. MA Reflective Moral Attentiveness | 2.27 | 0.74 | -0.02 | 0.02 | 0.06 | 0.20 | 0.57 |   |   |   |
| 7. PRESOR Stakeholder: Effectiveness | 2.41 | 0.71 | 0.08 | 0.14 | 0.05 | 0.17 | 0.22 | 0.37 |   |   |
| 8. PRESOR Stakeholder: Compatibility  | 1.73 | 0.47 | 0.11 | 0.06 | -0.02 | 0.18 | 0.17 | 0.28 | 0.50 |   |
| 9. PRESOR Stockholder | 3.80 | 0.72 | -0.04 | 0.04 | 0.15 | -0.05 | 0.02 | -0.23 | -0.37 | -0.45 |

Table 6: Multiple regression analysis of the MA dimensions

|  |  |  |  |
| --- | --- | --- | --- |
|  Variables | β | *T* value | Significance of *T* |
| *MA Perceptual Moral Attentiveness*  |  |  |  |
| OV Respect and Relationships | -.070 | -.513 | .609 |
| OV Compassion and Support | -.021 | -.167 | .868 |
| OV Trust and Forgiveness | .026 | .197 | .844 |
| OV Meaningful Work | .100 | .918 | .360 |
| *Adjusted R2 = -0.022, F = 0.280, significance of F = 0.890* |
| *MA Reflective Moral Attentiveness*  |  |  |  |
| OV Respect and Relationships | -.188 | -1.420 | .158 |
| OV Compassion and Support | .011 | .091 | .928 |
| OV Trust and Forgiveness | .024 | .189 | .850 |
| OV Meaningful Work | .277 | 2.624 | .010 |
| *Adjusted R2 = 0.031, F = 2.080, significance of F = 0.087* |

Table 7: Multiple regression analysis of the PRESOR dimensions

|  |  |  |  |
| --- | --- | --- | --- |
|  Variables | β | *T* value | Significance of *T* |
| Stakeholder: Effectiveness |  |  |  |
| OV Respect and Relationships | .018 | .143 | .886 |
| OV Compassion and Support | .167 | 1.420 | .158 |
| OV Trust and Forgiveness | -.153 | -1.269 | .207 |
| OV Meaningful Work | .106 | 1.026 | .307 |
| MA Perceptual Moral Attentiveness | .019 | .198 | .843 |
| MA Reflective Moral Attentiveness | .340 | 3.391 | .001 |
| *Adjusted R2 = 0.125, F = 4.247, significance of F = 0.001* |
| *Stakeholder: Compatibility*  |  |  |  |
| OV Respect and Relationships | .201 | 1.561 | .121 |
| OV Compassion and Support | .009 | .078 | .938 |
| OV Trust and Forgiveness | -.281 | -2.285 | .024 |
| OV Meaningful Work | .181 | 1.722 | .088 |
| MA Perceptual Moral Attentiveness | .017 | .167 | .868 |
| MA Reflective Moral Attentiveness | .258 | 2.534 | .012 |
| *Adjusted R2 = 0.097, F = 3.431, significance of F = 0.004* |
| *Stockholder* |  |  |  |
| OV Respect and Relationships | -.292 | -2.305 | .023 |
| OV Compassion and Support | .038 | .327 | .744 |
| OV Trust and Forgiveness | .377 | 3.116 | .002 |
| OV Meaningful Work | -.066 | -.642 | .522 |
| MA Perceptual Moral Attentiveness | .224 | 2.290 | .024 |
| MA Reflective Moral Attentiveness | -.371 | -3.701 | .000 |
| *Adjusted R2 = 0.123, F = 4.185, significance of F = 0.001* |

Table 8: Mediation of the indirect effects of OV dimensions on the PRESOR dimensions through reflective and perceptual moral attentiveness

|  |  |  |  |
| --- | --- | --- | --- |
|  | Product of coefficients |  | Bootstrapping |
|  | Point estimate | SE | Z |  | Percentile 95% CI |  | BC 95% CI |  | BCa 95% CI |
|  |  |  |  |  | Lower | Upper |  | Lower | Upper |  | Lower | Upper |
| OV Meaningful Work / PRESOR Stakeholder: Effectiveness |  |  |  |  |  |  |  |  |  |  |  |  |
| Presor SE total indirect |  .0630  | .0314  | 2.0064  |  |  .0026  | .1443 |  |  .0043  | .1478 |  | .0026  | .1443 |
| Perceptual  |  .0011  | .0063  | .1733  |  |  -.0181  | .0268 |  | -.0152  | .0302 |  | -.0162  | .0291 |
| Reflective |  .0619  | .0321  | 1.9282  |  |  .0048  | .1461 |  |  .0082  | .1587 |  |  .0073  | .1548 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| OV Trust and Forgiveness/ PRESOR Stakeholder: Compatibility |  |  |  |  |  |  |  |  |  |  |  |  |
| Presor SC total indirect |  .0095  | .0138  | .6913  |  |  -.0187  | .0447 |  |  -.0170  | .0474 |  |  -.0172  | .0468 |
| Perceptual |  .0001  | .0012  | .0754  |  |  -.0124 | .0103 |  |  -.0090  | .0143 |  |  -.0086  | .0151 |
| Reflective |  .0095  | .0137  | .6894  |  |  -.0162  | .0458 |  |  -.0149  | .0500 |  |  -.0151  | .0489 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| OV Meaningful Work / PRESOR Stakeholder: Compatibility |  |  |  |  |  |  |  |  |  |  |  |  |
| Presor SC total indirect | .0312  | .0173  | 1.8065  |  | .0006  | .0770 |  | .0017  | .0786 |  |  .0008  | .0771 |
| Perceptual  |  .0007  | .0043  | .1706  |  | -.0116  | .0206 |  | -.0098  | .0241 |  | -.0100  | .0237 |
| Reflective |  .0305  | .0180  | 1.6888  |  | .0006  | .0774 |  | .0026  | .0842 |  |  .0820 | .0020  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| OV Trust and Forgiveness/ PRESOR Stockholder |  |  |  |  |  |  |  |  |  |  |  |  |
| Presor St total indirect | -.0147  | .0221  | -.6633  |  |  -.0645  | .0331 |  |  -.0733  | .0276 |  |  -.0722  | .0278 |
| Perceptual  | .0040  | .0162  | .2485  |  |  -.0298  | .0476 |  |  -.0276  | .0505 |  | -.0284  | .0495 |
| Reflective | -.0187  | .0268  | -.6986  |  |  -.0835  | .0384 |  | -.0904  | .0332 |  | -.0897  | .0336 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| OV Meaningful Work / PRESOR Stockholder |  |  |  |  |  |  |  |  |  |  |  |  |
| Presor St total indirect |  -.0524  | .0286  | -1.8279  |  |  -.1354  | .0006 |  |  -.1460  | -.0036 |  |  -.1488  | -.0045 |
| Perceptual  |  .0143  | .0192  | .7446  |  |  -.0263  | .0614 |  |  -.0176  | .0723 |  |  -.0196  | .0683 |
| Reflective |  -.0666  | .0343  | -1.9446  |  |  -.1613  | -.0038 |  |  -.1793  | -.0088 |  |  -.1745  | -.0080 |

1. Schudt (2000) argues that because organisations do not have appetites that need to be kept in check, that organisational virtues should not be constrained to a mean point between two vices. Gowri (2007) counters this argument in some detail showing that Schudt’s (2000) argument does not hold because the examples he uses to support his case are in fact means between two vices in themselves. [↑](#footnote-ref-1)
2. Although the studies reported by Axinn et al. (2004), Elias 2004, Etheredge (1999), Godos-Diez 2011, Groves and LaRocca (2011a+b), Kurpis et al. (2008), Park (2005), Promislo et al. (2012), Shafer et al. (2007), Singhapakdi et al. (1995), Singhapakdi et al. (1996), Singhapakdi et al. (2008), Vitell and Paolillo (2004) and Vitell an Hidalgo (2006), and Wurthmann 2013 all use versions of the full scale, Burnaz et al. (2010), Kolodinsky et al. (2010); Pettijohn et al. (2008), Singhapakdi and Vitell (2007), Valentine and Fleischman (2008), and Vitell et al.(2003) only use a shortened 7 item scale based on one factor. [↑](#footnote-ref-2)