ANTECEDENTS AND OUTCOMES OF ORGANISATIONAL VIRTUES

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Recent years have seen an increasing interest in the application of virtue ethics in business as opposed to consequentialist or deontological ethics. However the focus has often been on virtues at the individual as opposed to the organizational level of analysis.

It is proposed that the organisational virtues intermediate individual (leadership) and group level constructs (organisational citizenship behaviours, corporate citizenship) to foster intrinsic motivation through a focus on eudemonia (measured as affective commitment). The overall aim of this study is to test this hypothesis using the Chun (2005) scale of organisational virtues (“Virtue Ethical Character Scale”). In the conceptualisation of the organisational virtues I draw from the Aristotelian virtue ethics tradition as reinterpreted by Alasdair MacIntyre.

The study is in the main quantitative using SPSS and AMOS, vs. 16 and it is based on a sample of 643 questionnaires drawn from eight different organisations, including two law firms, the headquarters of an international timeshare company, four hotels and a dairy company. All the organisations are based in the UK, except the timeshare company which is based in Cork, Ireland.

The survey questionnaire used for the collection of quantitative data is composed of measurement scales representing each construct which were available in the literature and whose validity and reliability were also tested.

The outcome of the study is a structured equation model linking the various constructs in the hypothesised manner, which is then applied in a series of case studies involving the organisations surveyed. The model shows particularly strong path coefficients between transformational leadership behaviours and the organisational virtues, and the organisational virtues and affective commitment. Findings from semi-structured and informal qualitative interviews conducted at the organisations are used to help interpret the results.
DECLARATION

No portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

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DEDICATION

I wish to dedicate this thesis to my parents, sisters, brother in law and his son Victor.
1 INTRODUCTION

It is proposed that the organisational virtues intermediate individual (leadership) and group level constructs (organisational citizenship behaviours and corporate citizenship) to foster employee motivation through a focus on eudemonia (measured as affective commitment). The overall aim of this study is to test this hypothesis using Chun (2005)’s Virtue Ethical Character Scale.

The empirical study is based on a sample of 643 questionnaires drawn from eight different organisations, including 2 law firms, the headquarters of an international timeshare company (“Timeshare HQ”), 4 hotels and a manufacturing and distribution company in the dairy sector (“Dairy”). All the organisations are based in the UK, except the Timeshare HQ (Cork, Ireland).

In order to identify the constructs included in the model and the measurement scales I undertake in Chapter 2 a conceptual analysis of individual virtue and organisational virtue drawing in particular from the Aristotelian tradition as reinterpreted by MacIntyre (2007) which I complement with other sources drawn from social psychology and philosophy. The constructs used are Organisational Virtues, Affective Commitment, Transformational Leadership, Corporate Citizenship and Organisational Citizenship Behaviours (“OCB”).

The question of the multiplicity of classifications of virtues addressed in Section 2.2.4 constitutes an inflexion point in the conceptualisation of virtue. The distinctive nature of the Aristotelian tradition comes to the fore because in it satisfaction (eudemonia) as end is intrinsic to the practice of virtues (means), unlike in rival conceptions of virtue. This is
particularly evident in the utilitarian virtue tradition leading me to conclude that ‘utilitarian virtues’ are only virtues in a nominal sense.

Affective commitment which includes both the cognitive and emotional dimensions of social identification and allows a role for personal agency is proposed as the outcome of the Organisational Virtues after the manner of eudemonia.

Three antecedents of the organisational virtues are proposed: transformational leadership, organisational citizenship behaviours (OCBs) and corporate citizenship. Transformational Leadership has a key role in developing the organisational virtues since leaders guide the organisational narrative sense-making process (Gioia and Chittipeddi, 1991) and through individualised support and personalised attention inject the emotional reinforcement required for members to integrate the organisational narrative in their own personal narrative. The virtues of leaders can be said to plant the seeds of organisational virtues.

OCBs also have a positive cognitive and affective impact contributing through socialisation to the formation of organisational virtues. Corporate citizenship which represents the set of objective practices, policies and procedures adopted by the organisation in its operation, is an indicator of the accountability of the organisation towards the community, itself an important ingredient of the Aristotelian virtue tradition. Transformational Leadership is proposed also as an antecedent of both Corporate Citizenship and OCB.

The above propositions are set out in the manner of hypotheses throughout and at the end of Chapter 2.

Chapter 3 explains that the research methodology is in the main quantitative (with some qualitative interviews added on as an interpretative tool) through the use of structural
equation modelling techniques (Amos v. 16) and parses out the questionnaire design process section by section, including the pilot study. This Chapter also discusses in some detail the merits of this methodology against alternative methodologies, in particular those of a more qualitative nature.

Chapter 4 offers an overview of the quantitative, categorical data and the qualitative descriptive data collected from each organisation for the benefit of the reader.

Chapter 5 is concerned with assessing the adequacy of the quantitative data for the purposes of confirmatory factor analysis of the construct measurement models and for the structural equation model. This includes such matters as representativeness of the sample, missing cases, outliers, statistical power, normality, linearity and homocedascity / heterosdascity.

Chapter 6 analyses each individual construct measurement model using confirmatory factor analysis against the data and, as a usual step, where necessary I introduce ‘minor’ modifications to improve fit. All of the measurement models were lifted from the literature. I did not create any new scales but the validities of the scales used are tested.

Chapter 7 carries out the structural equation model analysis in two steps. First a confirmatory factor analysis of all the constructs is carried out and some variables are eliminated. This is then followed by the structural equation model analysis proper. The analysis continues with the application of the structural equation model to each organisation.

Chapter 8 offers a discussion of the contributions and limitations of the findings derived from this study and proposes certain areas for future study.
2 LITERATURE REVIEW

2.1 Introduction

The purpose of this Chapter is to offer a literature review of the constructs with the aim of helping the reader understand why they were chosen and as background to draw up the model hypotheses. The hypotheses are inserted in the main text and listed at the end of the Chapter. The five constructs will be reviewed in the following order:

- Organisational virtues
- Affective commitment
- Transformational leadership
- Organisational Citizenship Behaviours ("OCB")
- Corporate Citizenship

2.2 Organisational Virtues

2.2.1 Introduction: Virtue ethics

The roots of Virtue Ethics in the West can be traced back to Plato and more particularly Aristotle. Other important representatives of the virtue ethics school are Kant, Hume and Nietzsche.

Interest in virtue ethics had a resurgence in the Anglo-Saxon world following the publication of Anscombe’s ‘Modern Moral Philosophy’ (1958) which positioned Virtue Ethics as an alternative to the deontological emphasis on externally imposed norms or rules (e.g., ‘don’t lie’) and the consequentialist or utilitarian approaches that focus on consequences as the guidance for action (e.g. ‘do whatever benefits the most people’). By
contrast, virtue ethics emphasises the issues of motives and moral character and with it moral education, moral wisdom or discernment, a deep concept of happiness and the role of the emotions in moral life (Hursthouse, 2007). At a fundamental level the idea behind virtue ethics is that moral properties or qualities do not pertain to choices (in an abstract sense), but more fundamentally to persons, in the interpersonal world of the moral community (Whetstone, 2005).

Anscombe (1958) distinguished virtue from habits like 'drinking tea'. Virtues are dispositions to act in one or another way so they involve a unity of intent (cognition) and emotions. Hursthouse (2007) describes virtues as ‘multi-track’ in that they cannot be deduced from a single action because they reflect a disposition that is tied down to certain truth propositions. The ‘honest’ person not only acts in a certain way but also believes that dishonest actions such as stealing are wrong. In turn, this impacts on people’s attitudes, so that honest people will be naturally attracted towards other honest people. Possessing a virtue then is a matter of degree requiring confirmation through actions over a long period of time, arguably one’s life. This also means that the acquisition of virtues involves hard work and determination.

However¹, possessing one or more individual virtues to a heroic degree does not make someone virtuous. MacIntyre (2007), one of the leading commentators on the virtue ethics

¹ What follows is a brief interpretation of the arguments presented by MacIntyre (1985) in Ch 14. In p. 187, for example, he says that ‘there are not less than three stages in the logical development of the concept [of virtue]...The first requires a background account of what I shall call a practice, the second an account of what I have already characterised as
tradition, will say that *virtuousness* imposes on the individual’s actions demands of intelligibility and accountability to oneself and the broader community in the light of the community’s tradition. In other words, the set of *truth propositions* that underpins the practice of virtues must tell a story (*personal narrative*) that is both socially intelligible and deems the individual accountable to itself and the community since man is a narrative or ‘story-telling animal’ (MacIntyre, 2007) (p 216) (or as Moore (2009) suggests a narrative that can be understood as implying of a *good purpose* or aim). Without the connection with the community (the ‘listener’ or ‘interpreter’) it is senseless to speak of narrative.

The unity of intention and emotions characteristic of virtuous action engenders a sense of satisfaction in ‘living a good life’ (in Greek *eudemonia*). MacIntyre (2007) (p. 185) notes that in the Aristotelian tradition the relationship of virtues to their end (*eudemonia*) is internal to the virtues so that an adequate characterisation of the telos requires a proper characterisation of the virtues required to achieve it. In the specific\(^2\) context of a ‘practice’\(^3\),

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\(^2\) MacIntyre (2007) will remark (p. 187) that ‘my argument will not in any way imply that virtues are *only* exercised in the course of what I am calling ‘practices’ ’.

\(^3\) The original definition of a practice is set out in MacIntyre (2007) (p. 187) as follows: ‘any coherent and complex form of socially established cooperative human activity through which goods internal to that form of activity are realised in the course of trying to achieve those standards of excellence which are appropriate to, and partially definite of, that form
virtuous activity must prioritise the pursuit of *excellence* in the *internal goods* to the pursuit of *external goods*\(^4\). Those conditions give virtue ethics its normative anchorage. I speak of *a unity of the virtues* organised around a narrative that satisfies these conditions as ‘virtuousness’ (Moore, 2005).

The ability to act in accordance with virtuousness is acquired through experience and is called *practical wisdom*. Thus, through practical wisdom a courageous person would distinguish a plucky act verging on the reckless (‘not virtuous’) from a genuine act of courage in case of need (‘virtuous’ or a true exercise of virtue).

Since eudemonia is intrinsic (‘intrinsic satisfaction’) to the practice of virtue such practice offers an intrinsic motivation for action (Deci and Ryan, 1985). Yet, external circumstances (like extreme poverty) may render the practice of virtue harder (Foot, 1978) becoming a source of temptation that leads the person away from a life of virtue. By contrast with virtue ethics, deontological and consequentialist approaches generate satisfaction based of activity, with the result that human powers to achieve excellence, and human conceptions of the ends and goods involved, are systematically extended’.

\(^4\) MacIntyre (2007) (pp 190-191) distinguishes external from internal goods as follows: It is characteristic of external goods that ‘when achieved they are always some individual’s property and possession. Moreover characteristically the more they are such that the more someone has of them, the less there is for other people. This is sometimes necessarily the case, as with power and fame, and sometimes by reason of contingent circumstances […]. Internal goods are indeed the outcome of competition to excel, but it is characteristic of them that their achievement is a good for the whole community…’
purely on ‘reasons’ or ‘arguments’ of an intellectual nature; however, as Hume argues in his *Treatise of Human Nature*, reasons unlike emotions may not be sufficient to motivate the will to action (Cohon, 2004).

One of the most controversial issues surrounding virtue ethics is the character-trait nature of virtue and the challenge has traditionally come from social psychology. I take this up in the following section as a brief incision.

### 2.2.2 Virtues and the human psyque

Virtue ethicists defend the possibility of virtuousness against situational-reductionist conceptions of character resulting from social identification theories. Identification is a concept that can be traced back to Freudian psychoanalysis and consists in an attachment of the emotions to something or someone directed by the need for self-consistency, self-continuity and self-enhancement, so that the self understands itself through the characteristics of that thing or person (‘self-concept’) (Dutton et al., 1994). It is an important ingredient in the formation of groups.

Social categorization theory as developed by Turner (1987) conceived of individuals as identifying with salient frames of reference (‘situated identification experiences’) thus arguably subduing character to situation. From this perspective, the existence of stable dispositions to act in one way or another is difficult to sustain. To the extent that identification is purely conceived as emotional attachment with the intelligence looking passively as on a mirror (Cooley, 1902), there is obviously no role for practical wisdom or, it follows, for virtues (as stable dispositions). It is not unlike the way babies learn sounds through imitation and then babble them out in apparent self-wonderment.
Contrary to the above, I hold that from the perspective of identification virtuousness may be conceived as a series of dispositions embedded at the deep or structural level of the self-concept (‘who you are’) with practical wisdom acting as a kind of rudder integrating and synthesising multiple situated identification experiences at more superficial levels of the self-concept (Dutton and Dukerich, 1991, Pratt and Ashforth, 2003b, Amiot et al., 2007). This chimes with the ‘multi-track’ characterisation of virtues which need to be judged from a broad perspective over a long period of time. Accordingly there is no incompatibility with the existence of stable dispositions and the incorporation of others over time in accordance with practical wisdom.

2.2.3 Organisational Virtues: conceptual definition

The majority of empirical studies taking the virtue ethics approach in business have focused on virtues at the individual level of analysis. This makes sense since there is a connection between individual character and collective well-being that was already apparent in the writings of many prominent ancient Greek philosophers (Wright and Goodstein, 2007). Cameron et al (2004) argue that individual virtues have two types of collective effects: amplifying effects and buffering effects. The first result from the association of virtues with positive emotions, social capital and prosocial behaviour: Individual virtuousness expands to become organisational virtuousness especially by individuals in leadership positions (George, 1995, Cameron et al., 2004). Organisational virtues also buffer the organisation from the negative effects of trauma or distress by enhancing resilience, solidarity and a sense of efficacy.

However whilst the process proceeding from individual virtues as cause to the collective level as effect has a long history the idea of the collective construct (‘organisational virtue’)

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acquiring an identifiable existence separate from that of the individuals in whom it originates and exercising influence over such individuals is less well developed.

An example of the individual level approach was Solomon (1992)’s ‘Virtues and Excellence’ where the author attempted to offer a definition and broad classification of business virtues based on the premise of the individual as ‘embedded in the community and the ultimate importance of happiness as the sole criterion for success’ (p. 106). This was criticized precisely for failing to distinguish between personal and Organisational Virtues, implying that the ethical nature of business may be improved solely through the exercise of personal virtues (Boatright, 1995); that is for focusing only on the impact of individual virtues at the collective level and not vice versa. Chun (2005) noted after conducting an extensive review of the ethical values or statements of a sample of 158 companies in 6 industries that virtues included in Solomon’s (1992) list like ‘tough’ did not appear once, whilst others like ‘aggressive’ which were omitted by Solomon appeared in 5 passages in 5 sample firms, implying some of Solomon’s virtues have little face value.

For this study, I wish to argue that there is such a thing as ‘organisational virtues’, that is virtues at the organisational level that although related to are not a direct outcome of the practice by certain individuals of given individual virtues; rather must be understood in collective terms.

The first question that arises is: can the conception of virtues as described in section 2.2.1 be applied to ’Organisational Virtues’? This question is closely aligned to the issue of whether organisations can be moral agents (Whetstone, 2005), a topic that has been hotly debated in the academic literature (Velasquez, 2003, Pfeiffer and Lanham, 1995, Phillips,
1995, Ashman and Winstanley, 2007). In principle the transition from predicates such as virtues or moral agency to the corporate context would require the attribution of some form of ‘consciousness’ to the organisation - from which hang intent and emotion and the unity between them on which virtues and moral action depend.

The idea of an organisation having ‘consciousness’ (collective consciousness) may sound quaint; yet in the minds of people organisations do take on psychological-like traits separate from those of particular leaders or other individuals (Brickson, 2005, Morrison and Robinson, 1997) – traces of this idea can arguably be found in Durkheim’s (Durkheim, 1915) ‘conscience collective’⁵. In a similar vein, Levinson (1965) states that interactions with or amongst the organisation’s members (or its products) often result in attributions of causal efficacy to the organisation as a whole as if were a person. However, are such attributions any more than a metaphorical device?

Ashman and Winstanley (2007) sought to answer this question in the affirmative whilst skirting round the issue of collective consciousness by pointing out that many factors other than consciousness, such as the economic, political, social and moral milieu, impinge on the construction of identity and agency. Therefore, it might be argued, who we are and what our responsibilities are may be grasped by third parties through frames of reference that are commonly assumed to influence attitudes and actions. This notion is similar to that

⁵ Conscience collective is a term used by Durheim to designate the shared beliefs and moral attitudes that constitute a unifying form in society (Collins Encyclopaedia of Sociology). It was used in many of his works although the earliest use probably corresponds to The Division of Labour (1983, transl. 1947, The Free Press, New York).
of Goffman (1959)’s actor. Thus it may be possible to attribute moral blame to the organisation if it was to be expected that a person subject to similar external influences (e.g. economic pressures) would be blamed. However, after much elaboration they concluded that the issue of consciousness was unavoidable in the attribution of blame (‘mens rea’); and I would argue that the same applies to organisational virtues as regards the need for intent and emotion.

Philosophers have grappled with the issue of collective consciousness. John Searle, for example, after a careful review of the literature on ‘collective intentions’ (the intentional component of collective consciousness) claimed that for most empirically minded philosophers such phenomena must reduce to individual intentionality (Searle, 1990). Gilbert by contrast asserted that plural subjects (e.g., a team) are produced by a ‘pool of wills’ (Gilbert, 1990). It is interesting that whilst Searle refers to the intellect, Gilbert is concerned with the will which is closer to the emotions (as per Hume’s dictum referred to in section 2.2.1). Yet, when examining Gilbert’s position closely there is a shift towards Searle’s focus on the role of the intellect and towards the individual level analysis: ‘each person expresses a form of conditional commitment such that (...) only when everyone has done similarly is anyone committed’ (Gilbert, 1990: p. 7).

A more innovative note was struck by Velleman (1997) when he explained that intentions include not only mental states tied to particular decisions but refer more broadly to causal forces that lead a person to act in one way or another, such as the ‘assumption of mutual understanding and credence’ that others are willing to engage in a given course of action. According to Velleman (1997) it is then possible to speak of collective intentionality as the sharing in a belief or a story (the ‘organisational narrative’), which chimes with the
postmodern view of organisations as narratives or storytelling systems (Boje, 1995, Humphreys and Brown, 2002) reflecting shared experiences and sensemaking in an ongoing process of reciprocal interaction between the organisational members (Weick, 1995, Sluss and Ashford, 2007, Hatch and Schultz, 2002). Whilst the sensemaking aspect reflects the cognitive element (Cohon, 2004), the shared experiences include a source of emotional attachment triggering a sense of value and emotional significance (Tajfel, 1982); and the whole becomes a potential source of satisfaction and intrinsic motivation for the organisational members.

What now emerges is a social constructionist understanding of the organisational consciousness (Corley et al., 2006) and of organisational virtuousness that reverberates with studies in the area of organisational culture and collective deviance (MacLean, 2008, Moberg, 2006, Weaver, 2006, Corley et al., 2006). The organisational virtues exercise a cognitive and emotional causal influence over the actions of the members (albeit contingent on the cooperation of the individual members) through eudemonia and are the expression of the organisational narrative as motivational force for action.

However, the effectiveness of the organisational virtues is ultimately contingent on the willing integration by the members of the organisational narrative into their personal narrative (‘who we are’; self-concept). The outcome of this last consideration is that virtue ethics not only acknowledges the agency of the individual but actually promotes it (Deci and Ryan, 1985). Virtuous organisations must ensure that their employees can decide for themselves how to develop the organisational narrative using wisely, in a mature way
(Whetstone, 2005), the tool-kit of the Organisational Virtues\textsuperscript{6}. This is the essence of practical wisdom which belongs at the individual member level. So the existence of organisational virtues and their causal effects on the members does not require that all members behave in the same way (Whetstone, 2005). On the contrary, and it is this that should render virtuous organisations capable of reacting effectively and in a decentralised fashion in times of turmoil.

\subsection*{2.2.4 Multiple classifications of organizational virtues}

MacIntyre (2007) in discussing the multiple classifications of virtues, at times incompatible with each other, suggests that their variety is due to the particular end to which the different classifications are aimed; so ‘in the Homeric account the concept of virtue is secondary to that of a social role, in Aristotle’s account it is secondary to that of the good life for man conceived as the telos of human action and in Franklin’s much later account it is secondary

\footnotesize{\textsuperscript{6} This can be explained with ideas borrowed from Archer (2000). Personal narrative and organizational narrative do not conflate even when the latter is integrated into the former. The organizational narrative and its causal manifestation in the form of organisational virtues derive from past chains of interaction amongst organizational members and thus are pre-existent to, have relative autonomy from and exercise causal efficacy over the present generation of members; the present generation of members individually confront it and interpret it through the eyes of their own personal narratives (Archer, 2000). In this way the narrative of the organization develops without breaking.}
to that of utility’ (p. 186). Later on (p. 197) he will assert that the Aristotelian account is incompatible with Franklin’s because in the former ‘the enjoyment of the activity and the enjoyment of achievement are not the ends at which the agent aims, but the enjoyment supervenes upon the successful activity in such a way that the activity achieved and the activity enjoyed are one and the same state’. In other words in the Aristotelian account the relationship of means (virtues) to end (satisfaction) is internal whilst in the Franklin account it is external (namely depends on utility). And since the utilitarian virtues do not contain in themselves the source of satisfaction such virtues have no normative content (ability to compel the will to action) and those who pursue them cannot truly be said to be ‘virtuous’. Thus MacIntyre (2007) (p. 198) asserts that ‘we cannot be genuinely courageous or truthful and be so only on occasion’ (that is only when external goods are present to compel the will to action). Utilitarian ‘virtues’ only are only so in a nominal way. And for the purposes of this thesis unless the context otherwise virtue must be understood in the Aristotelian sense.

A handful of management authors have attempted to offer classifications of organizational virtues grouped under the so-called Positive Organisational Scholarship (“POS”) school which focuses on organisational dynamics ‘that are typically described by words such as excellence, thriving, flourishing, abundance, resilience, or virtuousness’ (Cameron, 2003) (p.4). Some of these terms are compatible with both utilitarian and Aristotelian conceptualisations of virtue. Cameron et al (2004) define organisational virtuousness ambiguously as that which ‘individuals and organisations aspire to be when they are at their very best’ which Wright and Goodstein (2007) situate within the context of the pursuit of moral good and social betterment.
Chun (2005) defines organisational virtues as ‘ethical character traits that are learnt from an accumulative perception of a firm’s behaviour in everyday business life, that drives internal and external stakeholder satisfaction, and that is aligned with its ethical values used for strategic positioning’. The reference to ‘strategic positioning’ (the author offers no further insight into this expression) may include utilitarian outcomes, an impression that is reinforced by the author’s remark that ‘ethics is not right or wrong, or good or bad, but a colorful and multifaceted engagement with other people’ (p. 271).

I shall now turn to consider various classifications of organisational virtues in more detail.

2.2.5 Three scales of organizational virtues
Cameron et al (2004), expressly distinguishing individual from ‘organisational attributes and behaviours’ developed a scale of virtues at the organisational level which constituted a ‘reasonable representation of concepts that almost all people consider virtuous’, by asking 804 individuals in 18 different organisations in 16 industries to characterise their organisations in relation to a series of virtues selected from an extensive literature review on virtues. These were classified in 5 dimensions named organisational forgiveness, organisational trust, organisational integrity, organisational optimism, and organisational compassion. They were able to demonstrate a statistically significant association between organisational virtuousness and profitability - a near tautological outcome if the expression people and organisations ‘at their very best’ (see Section 2.2.4) in their definition of virtue is given a utilitarian interpretation as ‘most profitable’. Wright and Goodstein (2007)’s nuance of the definition within the context of the pursuit of moral good and social betterment seems designed to avert such a tautological interpretation.
Whilst the face validity of some of those virtues (compassion, integrity, forgiveness) can be established by association with traditional virtues it is less clear in the case of organisational optimism and organisational trust. ‘Optimism’ seems closer to mood or character strength (Peterson and Seligman, 2004, Wright and Goodstein, 2007) than to virtue which is acquired by effort. Trust may be understood as truthfulness (Moore and Beadle, 2006) but in that case it enters within the orbit of ‘integrity’. More likely it is meant as something acquired in the course of a relationship but then it is surely better to think of trust as the outcome of a virtuous relationship, as part of the social dimension of ‘eudemonia’.

Chun (2005) obtained a long list of possible organisational virtues derived from content analysis of the ethical values statements of 158 companies in 6 different industries. This was measured against both employee and customer satisfaction resulting in the identification of 24 items organised along six dimensions of virtue as follows:

- **Integrity** is a ‘reputation for trustfulness and honesty’ (Butler and Cantrell, 1984).
  It was one of the key business virtues identified by Solomon (1999) as representing the integration of one’s roles and responsibilities and the virtues defined by them. Becker (1998) distinguished integrity from conscientiousness: ‘integrity involves acting in accordance not with any value system but with a morally justifiable one’ (p. 157).

- **Empathy** is a psychological process (Eisengerg and Strayer, 1987) connected with ‘feelings of sympathy, concern and warmth towards others’ (Davis, 1983) and enabling of more ‘confident, supportive and caring relationships’ at work (Burke, 1999). It is possible to draw a parallel with some key elements in Gilligan’s (1982) ethics of care.
• **Courage** is ‘success in achieving the desired outcome and effort by the agent’ (Ashforth et al., 2008) and may correspond to Solomon’s virtue of ‘toughness’ which consists in being smart, neither being dissuaded by threats and temptations nor a willingness to step on other people’s rights. It is one of the Organisational Virtues included in Peterson and Seligman’s (2004) classification of Character Strengths and Virtues whose outcome is self-realisation.

• **Warmth** is related to the human personality dimension of *agreeableness* which reflects ‘trust’ (Costa and McCrae, 1995) and is negatively associated with ‘aggression and arrogance’ (Barrick and Mount, 1993); and to an extent it also reflects the human personality dimension of extraversion which is associated with being sociable and gregarious (Barrick and Mount, 1991).

• **Conscientiousness** refers to a firms’ ability to apply itself to the task and to achieve goals. It ‘reflects dependability; that is, being careful, thorough, responsible, organized, and planful’ (Barrick and Mount, 1991) (p. 4).

• **Zeal** may include a range of non-obligatory qualities such as *fun* and *excitement*. 
<table>
<thead>
<tr>
<th>Virtue dimensions</th>
<th>Component Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrity</td>
<td>Honest, Sincere, Socially Responsible, Trustworthy</td>
</tr>
<tr>
<td>Empathy</td>
<td>Concerned, Reassuring, Supportive, Sympathetic</td>
</tr>
<tr>
<td>Courage</td>
<td>Ambitious, Achievement oriented, Leading, Competent</td>
</tr>
<tr>
<td>Warmth</td>
<td>Friendly, Open, Pleasant, Straightforward</td>
</tr>
<tr>
<td>Zeal</td>
<td>Exciting, Innovative, Imaginative, Spirited</td>
</tr>
<tr>
<td>Conscientiousness</td>
<td>Reliable, Hardworking, Proud, Secure</td>
</tr>
</tbody>
</table>

*Source: Chun (2005)*

**Table 2-1: Virtue Ethical Character Scale**

From a cursory examination, the names of the above virtue dimensions seem closer to a traditional listing of virtues than those in Cameron et al (2004). Yet, can ‘Zeal’ (and its component items) be acquired through *effort* in the manner of virtues? It seems easier to understand Zeal as a sentiment (for example, excitement) or as a character strength (Peterson and Seligman, 2004, Wright and Goodstein, 2007). The enigmatic characterisation by Chun (2005) of the component items of Zeal as ‘non-obligatory qualities’ reinforces the view that no association with *effort* is intended. Moving beyond the dimension-label to its component traits, it is hard to see what amount of *effort* could turn intrinsically boring or soulless people into ‘exciting’ or ‘spirited’ ones. I remain more

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7 Character strengths (and sentiments) facilitate the development of virtues but the two concepts should not be conflated.
open about ‘innovative’ or ‘imaginative’ – would intense familiarisation with the mechanics of production processes, for example, make production people more ‘innovative’ or ‘imaginative’? My overall impression is that Zeal may be a mixed bag of virtues and aptitudes.

If Warmth as Chun (2005) suggests is akin to agreeableness which reflects ‘trust’ then, following the earlier discussion regarding trust in the context of Cameron et al (2004), should Warmth not be better understood as an outcome of virtuous action rather than as a virtue? On the other hand, the specific traits that make up Warmth (‘friendly’, ‘open’, ‘pleasant’ or ‘straightforward’) seem to be qualities in the manner of virtues (they can be acquired through effort) and are distinguishable from those comprised in the dimension of Integrity (which shares a connection with ‘trust’ as truthfulness). So the concern here may be over labelling of the dimension rather than substance.

When I compare the other dimensions of the Virtue Ethical Character Scale with a non-exhaustive list of traditional Aristotelian virtues such as justice, temperance, the pursuit of excellence, prudence, fortitude and integrity (Wright and Goodstein (2007), Moore and Beadle (2006), Moore (2005), truthfulness, justice and courage (MacIntyre (2007), p. 192), I find a degree of correspondence: ‘integrity’ or ‘truthfulness’ (dimension of Integrity), ‘fortitude’, ‘courage’ and (arguably) the ‘pursuit of excellence’ (dimension of Courage and possibly in dimension of Conscientiousness), and glimpses of ‘justice’ and ‘temperance’ (dimension of Empathy and possibly dimension of Conscientiousness).

However this simple analysis may prove slightly misleading. For example in the Aristotelian canon Courage is associated with sacrifice for the common good (MacIntyre,
2007) (pp. 203, 192). Yet it is not clear that such an association exists in the dimension of Courage in the Virtue Ethical Character Scale. Ambiguity is another problem. Items such ‘Ambitious’ and ‘Achievement-oriented’ within Courage, ‘Proud’ within Conscientiousness and ‘Concerned’ within Empathy, are more descriptive in nature than evaluative (Goldie, 2008) so that they depend for their meaning on the nature of their object: ‘Proud’ after a job well-done (virtuous) or after esteem earned through impression management (vice); ‘Ambitious’ in the desire to carry out a particular craft well (virtue) or towards the acquisition of external goods above all else (vice); oriented towards achieving good for everyone (virtue) or for oneself only (vice); etc. In other words it cannot be assumed that such terms will be interpreted as involving a concern for the internal goods and the community in the manner of the Aristotelian virtues. Another item in Courage, namely ‘Leading’, faces yet a further challenge in that it is descriptive of circumstance (either a firm leads or it does not) rather than intention or will as in virtuousness.

I hope that the results of the quantitative analyses will throw light on some of those issues.

A further attempt at classification of organisational virtues is provided by Park and Peterson (2003) who identify virtues such as purpose (a shared vision), safety, fairness, humanity (mutual care and concern) and dignity (the equality of all employees). There are a number of potential objections to this classification. First, it has not been tested empirically. Second some of the ‘virtues’ are under-specified raising complex questions such as whether the ‘equality of all employees’ should be understood in Rawls-ian or natural Law terms and this in turn may have implications for their characterisation as virtue. Thirdly some of the ‘virtues’ may be better understood as antecedents or outcomes of virtuousness: ‘dignity’ for example may be an outcome of virtuous action and ‘purpose’
an antecedent (as a guiding principle in a narrative). There is a certain echo in the Park and Peterson (2003) approach to Moore and Beadle (2006)’s ‘institutionalisation mechanisms’ for the organisational virtues.

I have briefly explained and criticised three possible classifications of organisational virtues. None of them offers a consistent interpretation of ‘virtue’ but at least at this superficial level of analysis of the three Chun (2005) seems to me to be the one with the greatest potential and I will adopt it for the model, notwithstanding that Zeal has a weak claim to virtue and Courage too faces serious issues of interpretation. As a scale, it has been extensively tested offering a high degree of validity and reliability. It will be interesting to see whether the quantitative analysis supports the theoretical critique.

2.2.6 Antecedents and outcomes of the Organisational Virtues

Moore and Beadle (2006) suggest three preconditions for creating and sustaining virtuous organisations: the presence of virtuous agents at both the practice and institutional levels; a conducive mode of institutionalisation that, in particular, prioritises internal goods (a focus on the practice) while maintaining sufficient attention on external goods to ensure an appropriate balance of the two; and third, a conducive environment within which the organisation may flourish.

Regarding the first (and to some extent second) precondition, at the institutional level the presence of virtuous leaders is of capital importance since leaders guide the organisational narrative sense-making process (Gioia and Chittipeddi, 1991) and through individualised

\[8\] Adequate governance structures, a just purpose, systems and processes that encourage dialogue and enquiry, and a supportive culture that promotes positive behaviour.
support and personalised attention inject the emotional reinforcement required for members to integrate the organisational narrative in their own personal narrative. ‘Senior managers – those who have, in one sense, outgrown the practice and now represent the institution that houses it – also have the same opportunity to exercise the virtues in the making and sustaining of the institution (enabling them on their own narrative quest towards their own telos)’ (Moore and Beadle, 2006).

Of all the leadership types portrayed in the literature (e.g., trait-based, behaviour-based, contingency-based, exchange based and post-modern approaches) I would argue that the figure of the ‘transformational leader’ (one of a number of exchange based models) offers a best fit with the organisational virtues. Transformational leaders foster intrinsic motivation via a bond of trust (Solomon, 1999, Podsakoff et al., 1990) pledged through their words and actions (viz. personal virtues) rather than external rewards. The outcomes of intrinsic motivation (Deci and Ryan, 1985) namely autonomy, relatedness and competence reflect the elements of personal agency, community responsiveness and the concern with the internal goods that characterise virtue. In other words virtuous leaders create virtuous communities.

Moore and Beadle (2006)’s second antecedent of virtuous organisations concerns conditions of institutionalisation such as the purpose of the organization, the distribution of power, communication and decision-making systems, and organizational culture. With regards to the third antecedent, Wright and Goodstein (2007) points to the decline of ethical frameworks to guide decisions and actions in professional domains, the loss of role models in public life and pervasive work insecurity as some examples of conditions that may undermine the development of a virtuous framework.
Unfortunately there is only so much that can be captured in a single study due to the sheer complexity of the issues in hand and their methodological demands. Nevertheless in order to pay heed to the second and third conditions I was keen to introduce into the model a broad (if not necessarily deep or detailed) institutional type measure that would be amenable to quantitative study, and sought it within the broad topic of ‘corporate social responsibility’ which is concerned with describing the organisation in relation with its various stakeholders (Clarkson, 1991, Clarkson, 1995) – and not only its shareholders since an exclusively shareholder-focus is antithetical to the development of practices (Moore and Beadle, 2006). Later studies may build on the findings from this broad approach to address more specific issues.

The literature on corporate social responsibility is vast because it touches so many aspects of the organisations’ business such as consumer related marketing (Humphreys and Brown, 2002), employee relations and relations with society at large (social capital). Much of it has been preoccupied with examining the positive effects on profitability of improvements in corporate social responsibility (Cochran and Wood, 1984, Graafland and van de Ven, 2006, Griffin and Mahon, 1997, Waddock and Graves, 1997) and there has also been a lively debate (resembling that between utilitarian and Aristotelian virtues) about the way in which corporate social responsibility should be conceptualised, whether instrumentally or morally (Banerjee, 2008, Becker, 1998, Driver, 2006, Weaver and Treviño, 1994). After reviewing the available literature, I adopted the construct of ‘Corporate Citizenship’ which focuses on practical activities and organisational processes adopted by socially responsible businesses (Maignan et al., 1999) as a way to measure corporate social responsibility.
In his excellent analysis of the overlap between social identity theory and virtue ethics, Weaver (2006) asserts that ‘the structure of social networks and the character of work settings are likely to be particularly relevant to the moral identity and virtuous practice’[...] (p. 359) because behaviour affects thinking (p. 351). I reasoned that the observed behaviour and mode of interaction between and amongst employees would reflect in the employees’ thinking about the organisational virtues. Based on this idea, I sought an additional antecedent of organisational virtues to glean the nature of social interaction amongst organisational members and I resorted to the construct of Organisational Citizenship Behaviours (“OCB”) (employees engaging in extra role behaviours) as further explained in Section 2.5.

As part of this study I also needed to include an outcome measure. Wright and Goodstein (2007) stressed that it is critical that organizational virtuousness be considered in relation to outcomes that are less extrinsic and instrumental in nature than profits or reputation, and more indicative of flourishing, such as organizational well-being, the expression of positive emotions in organizations, and the prevalence of high-quality relationships⁹ whilst noting that the lack of well developed measures for some of these constructs offers a challenge. I was keen to work with an outcome construct that benefited from a well developed and tested measure that captured as far as possible the concept of ‘eudemonia’.

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⁹ I selected OCB as an input into the model but it could well have been selected as an output. High quality interactions will influence the perception of the organisational virtues which in turn will influence behaviour (Weaver, 2006).
In Section 2.2.3 I spoke of the organisation as a narrative or storytelling system (Boje, 1995, Humphreys and Brown, 2002) reflecting shared experiences and sense-making in an ongoing process of reciprocal interaction between the organisational members (Weick, 1995, Sluss and Ashford, 2007, Hatch and Schultz, 2002). Whilst the sense-making aspect reflected the cognitive element (Cohon, 2004), the shared experiences included a source of emotional attachment triggering a sense of value and emotional significance (Tajfel, 1982); the outcome of both was a potential source of satisfaction and intrinsic motivation for the organisational members (which I consider close to the concept of eudemonia). I identified this combination of cognitive and emotional elements in the construct of Affective Commitment developed by Allen and Meyer (1990) and I decided to adopt it as a measure of ‘eudemonia’.

2.3 Affective Commitment

2.3.1 Introduction

Although the main focus of this section is Affective Commitment, this literature review covers the complete commitment model (that is affective, normative and continuance commitment) because the different types of commitment are closely intertwined so that to understand well Affective Commitment it is useful to know how it differs from and how it is related to the other types of commitment. Also some authors claim that commitment is a unidimensional construct whilst I am treating it as multidimensional and this is something that needs to be addressed by considering the different types of commitment. Finally in the survey questionnaire (Appendix 1) I have included a section on Continuance Commitment in addition to Affective Commitment because research has shown that some of the items of
this commitment dimension may combine with Affective Commitment to deliver positive organisational outcomes (see section 2.3.4).

2.3.2 Organisational commitment

The concept of organisational commitment finds its roots in the sociological (Becker, 1960) and social psychology (Kiesler, 1971) literatures, and gained prominence in the organisational behaviour literature as a potential predictor of employee turnover (Allen and Meyer, 1990). Meyer and Herscovitch (2001) offered a definition of commitment as ‘a force that binds an individual to a course of action that is of relevance to one or more targets…and which can influence behaviour even in the absence of extrinsic motivation or positive attitudes’ (p. 301). Commitment can be directed to various targets or foci, such as the organisation, a particular job or task, customers, managers, team or a program, each of which may lead to different outcomes which may create conflicts (Meyer et al., 2004, Meyer and Herscovitch, 2001). Meyer et al (1993) showed that job/task commitment and organisational commitment contributed independently to work behaviour outcomes. In this thesis I am concerned exclusively with employees’ organisational commitment.

After conducting a detailed review of the literature on organisational commitment, Allen and Meyer (1990) concluded that it reflected three underlying components: an affective component, an obligation or normative component, and a cost-benefit or continuance component. Allen and Meyer (1990) summarized the attitudes of employees exhibiting the different commitment behaviours by saying that ‘employees with strong Affective Commitment remain because they want to, those with strong continuance commitment because they need to, and those with strong normative commitment because they feel they ought to do so’ (p. 3).
Affective commitment

Mowday et al (1979) defined it as ‘the relative strength of an individual’s identification with and involvement’ in a particular organisation. Allen and Meyer (1990) expanded this definition to the ‘employees’ emotional attachment to, identification with, and involvement in, the organization’.

Meyer and Allen (1987, 1990) suggested that Affective Commitment reflects the need to feel comfortable within the organisation and competent in the work-role and Meyer and Hescovitch (2001) – pointing to the overlap of this concept with normative commitment - suggested that it involves value congruence between the organisation and the individual.

Normative commitment

This reflects Wiener’s (1982, p. 471) definition of commitment as ‘the totality of internalized normative pressures to act in a way which meets organizational goals and interests’, manifesting the employee’s belief that a given course of action is the “right” and moral thing to do’ (Allen and Meyer, 1990 p. 3). Bergman (2006) points out that the definition of this construct has evolved around a core sense of ‘obligation’, which may have different meanings in different cultures so that the universality of the construct remains unclear.

Continuance commitment

This is the cost-benefit component which reflects Becker’s (1960) view that commitment is about engaging in a ‘consistent type of activity’ (p. 33) based on the individual’s recognition of the ‘costs’ (or lost side-bests) associated with discontinuing the activity, including the lack of alternative jobs available. For Stebbins (1970 p.527) continuance commitment is the
awareness of the impossibility of choosing a different social identity . . .
because of the immense penalties in making the switch' (Allen and Meyer,
1990 p. 3). Some scholars distinguish two facets of continuance
commitment: willingness to undergo ‘high sacrifice’ (‘HS’) to retain
existing benefits and the other reflecting the fear of leaving due to ‘low
employment alternatives’ (‘LA’) (Bentein et al., 2005, Dunham et al.,
1994).

This basic component model has been modified by some authors to fit specific types of
organisations and employees’ values and sources of motivation. For example, Balfour and
Wechsler (1996) proposed a three-fold classification of commitment for employees of
public or government bodies, where penalties and incentives alone may not (because of the
more limited pay packages, for example) be enough to resolve the inherent moral hazard:
identification commitment, which is based on the employees’ degree of pride; affiliation
commitment, which comes from a sense of belonging to the organisation; and exchange
commitment, which refers to the organisation’s recognition of the members’

Robertson and Tang (1995) suggested that there were two forces underlying the various
components of commitment. On the one hand, the view that creating a strong sense of
attachment is crucial for developing collective action systems. On the other, the rational
choice view, that high credibility systems and clear structural arrangements offer the most
effective approach to managing collectives (Park and Rainey, 2007). This would give way
to different types of organisational culture, broadly categorized by Richard et al (2009) as
‘clan’ and ‘hierarchical’ culture, with the former delivering more positive organisational
outcomes. Nevertheless, making a priori inferences as to how different forms of commitment might relate to different type of functional organisational structures seems unconvincing given the cross-feeding nature of the three forms of commitment proposed by Bergman (2006) (see section 2.3.4 below). It is likely that all forms of commitment will be present in all organisations to a lesser or greater extent. For example, senior members of any organisation would be expected to exhibit more signs of Affective Commitment, but this may be more so in organisations where such members have greater ability to shape the organisational culture to suit their particular preferences – that is (contrary to what Robertson and Tang (1995) suggest) in the more hierarchical, less democratic type of organisations.

2.3.3 The antecedents of commitment

The antecedents of Affective Commitment are based on a fit between the individual and workplace characteristics and values which develops through workplace experiences (Bergman., 2006, Meyer et al., 1998, Allen and Meyer, 1990). Amongst the workplace characteristics are job challenge, role clarity, goal clarity, goal difficulty, management receptiveness, peer cohesion, organisational dependability, equity, personal importance, feedback and participation (Allen and Meyer, 1990). As for personal characteristics, Johnson and Chang (2006), for example, showed that the nature of the self-concept (individual or collective) may moderate the relationship between Affective Commitment and performance. Meyer et al (2004) suggested that the behavioural outcome of commitment to a goal (success or failure, satisfaction and feelings of self-efficacy or its opposite) will feed the employee’s perception of personal fit with the goals of the organisation and thus impact the level of Affective Commitment to the organisation.
However, frustration has a stronger effect on commitment than the positive influence of optimism (McColl-Kennedy and Anderson, 2005). The interaction of work and personal characteristics means that many of the antecedents typically associated with motivation are also relevant to Affective Commitment such as goal clarity, empowerment and Transformational Leadership (Park and Rainey, 2007, Barling et al., 1996).

As regards normative commitment, Allen and Meyer (1990) already noted that ‘there is little in the literature upon which to base predictions concerning the antecedents of normative commitment’. Normative commitment was primarily conceptualized by these authors as being associated with values and needs of the employee pre-existent to his or her membership of the organisation (Wiener, 1982) and in this sense antecedents would need to be sought in matters such as national culture and family values. However Meyer and Allen (1997) evolved the concept further by suggesting that normative commitment is developed through socialization, when parties internalise a set of norms concerning the most appropriate behaviour in the light of their experiences in the organisation. So, for example, the attitudes of colleagues towards the discharge of their duties to the organisation may be translated by the employee into a norm of how he or she ought to behave.

Transformational leadership, in its supportive dimensions, may also foster a normative response. Moreover, where colleagues demonstrate Affective Commitment, or where the firm offers a level of emotional security to the employee (San Martín, 2008), the employee may feel that the right norm to follow is that of demonstrating Affective Commitment.; however, such manifestations of Affective Commitment (which do not reflect a true fit between the organisation and the individual being based on a normative response) may
appear phoney to others and ultimately lead to burnout (Fineman, 2004, Edelwich and Brodsky, 1980).

Continuance commitment is normally associated with economic variables such as the absence of labour alternatives and as such it is dependent on situational individual factors (rather than individual characteristics or dispositions) such as skills, education, relocation opportunities, self-investment, pension losses from leaving, attachment to work area (community) and alternative employment opportunities. However, dispositional characteristics such as risk perception will obviously impact the response of individuals to such economic variables.

2.3.4 Commitment as unidimensional or multidimensional construct

It is apparent from the above description of the antecedents of each dimension of commitment that there are some strong interconnections between them. Bergman (2006) notes that the antecedents of Affective Commitment and normative commitment feed off each other, since the employees’ pre-existing values and needs will impact the level of fit between the employee and work characteristics which defines Affective Commitment, whilst the employees’ work experiences will impact the need to reciprocate which in turns bears on the level of normative commitment. However, this does not mean that normative commitment will necessarily lead to Affective Commitment (San Martín, 2008); rather the relationship between the two may be considered one of moderation. Chen and Francesco (2003) found that normative commitment moderated the relationship between Affective Commitment and in-role performance; and San Martin (2008) found that satisfaction (which is closely related to Affective Commitment) can have a negative effect on normative commitment where it leads employees to relax their efforts.
In a similar manner, continuance commitment may also moderate normative commitment, since Powell and Meyer (2004) have shown that normative commitment is predicted by socially-based side bets (that is, others’ expectations) (Bergman., 2006). Moreover, normative commitment and Affective Commitment may positively moderate continuance commitment (Meyer and Allen, 1997, Allen and Meyer, 1990, San Martín, 2008), with Affective Commitment having the greatest effect (Meyer et al., 2002, Gruen et al., 2000). However, whilst it is possible that Affective Commitment will influence continuance commitment, the contrary does not necessarily follow (San Martín, 2008).

Stanley et al (2002) found that the binding force of the HS (high sacrifice) facet of continuance commitment is more similar to normative commitment and Affective Commitment than that of LA (low employment alternatives), when combined with other forms of commitment. In other words, HS may be capable of driving positive commitment outcomes.

In the light of these moderating and interacting effect, it is to be asked whether commitment should be treated as a unidimensional construct (Allen and Meyer (1993)) or as a multidimensional construct in line with the majority of studies (Meyer et al., 2002). The former approach has the advantage of offering a more complete picture of the relationship of the employee towards the organisation, reflecting a continuum of psychological perceptions of intrinsic motivation (Affective Commitment) (Deci and Ryan, 1985) to extrinsic motivation (as in continuance commitment) for action. However where, as in this thesis, I am not so much concerned with understanding the nature of the employees’
commitment as in finding an adequate outcome variable that fits the theory adopting the multidimensional approach makes sense\textsuperscript{10}.

\subsection*{2.3.5 The consequences of organisational commitment}

The three components of organisational commitment all relate negatively to employee turnover, yet they will each have different implications for other types of organisational behaviours (Meyer et al., 2002). Affective commitment has the strongest positive correlation with job performance, organisational citizenship behaviour (Norris-Watts and Levy, 2004, O’Reilly and Chatman, 1986), job satisfaction (Riketta and Van Dick, 2005) and attendance, followed by normative commitment.

Affective commitment also correlates with a wider range of outcomes than the other forms of commitment. Robertson et al (2003) argued that it prompts ‘organisational learning’ (Park and Rainey, 2007). Meyer and Hercovitch (2001) speculated that the richness of the outcomes of affective behaviour was due to the fact that when employees ‘want to’ stay with the organisation, ‘they are less sensitive to cues that potentially delimit the behaviour’ (p. 312).

Perhaps with the possible exception of HS (high sacrifice) as mentioned previously, continuance commitment tends to be unrelated, or negatively related to, the aforesaid types of behavioural outcomes (Meyer et al., 2004, Meyer et al., 2002).

\textsuperscript{10} The multidimensional approach is in fact the most popular in academic studies since the different dimensions can then be placed antecedents or outcomes of the other dimensions (rather than occupying the same plane of analysis).
2.3.6 Affective Commitment and the Organisational Virtues

Harking back to the component elements of Organisational Virtues, I explained how they resulted from the integration by the members of the organisational narrative as part of their own personal narrative through the engagement of the emotions and the intellect and the exercise of personal agency. I propose that Allen and Meyer’s (1990) definition of Affective Commitment namely the employee’s ‘emotional attachment to, identification with, and involvement in, the organisation’ reflects the mechanics of the aforesaid integration. The first element of the definition covers the emotional side of the person; the second (identification), as it is normally understood in the literature, the cognitive component (‘a congruence of values’ or ‘a congruence of self with organizational image’) (Ashforth and Mael, 1989, Riketta, 2005); personal agency is captured in the last element of the definition namely ‘involvement with’ the organisation.

The antecedents of Affective Commitment are based on a fit between the individual (including the nature of the self-concept (Johnson and Chang, 1980)) and workplace characteristics and values which develops through workplace experiences (Bergman, 2006, Meyer et al., 1998, Allen and Meyer, 1990); or as Bagozzi et al (1999) put it, a congruence between the actions of a referent other (in this case the organisation) and personal standards with regard to acceptable thoughts, feelings and actions. This fit or congruence is precisely what the Organisational Virtues seek to achieve so that Affective Commitment can properly be termed an outcome of the Organisational Virtues.

Further support for my choice of Affective Commitment as the outcome of the Organisational Virtues results from the work of positive organisation scholars such as Peterson and Seligman (2004) who drew up a scale of Character Strengths and Virtues and
selected as the outcome the concept of ‘self-realisation’, which is conceptually very close to Affective Commitment. Self-realisation occurs when the organisation offers a sense of purpose or meaning, the inherent assumption being that humans have an intrinsic desire to self-realise and to express their capacities to the fullest extent, being all too ready to connect positively and socially if given the right opportunity (Money et al., 2009).

For all these reasons, I would propose that:

**H1**: Affective commitment is an outcome of the Organisational Virtues

A question that should be raised at this stage is why not use the construct of ‘satisfaction’ instead of Affective Commitment: after all, virtuousness leads to a sense of satisfaction in living the good life (*eudemonia*). In fact, Affective Commitment is very closely correlated with satisfaction (Riketta and Dick, 2005). Some authors have suggested that Affective Commitment as a source of organisational effectiveness may be moderated by ‘job satisfaction’, whilst others contend that both Affective Commitment and job satisfaction feed off each other (e.g., Allen and Meyer, 1990 p. 9-10).

However, after reviewing the relevant literature on satisfaction, Bagozzi et al (1999) cast serious doubt on whether satisfaction is phenomenologically a distinct construct from many other positive emotions. And it certainly cannot be assumed to be the same thing as *eudemonia* which, like Affective Commitment, carries a connotation of being a durable attitude resulting from identification at the level of the self-concept. It is thus quite distinct from an emotional outpour.
Accordingly I would argue that Affective Commitment whilst being related to satisfaction it is conceptually closer to *eudemonia* and therefore a more appropriate outcome construct for this study.

### 2.4 Transformational Leadership

#### 2.4.1 Introduction

Leadership is a much contested concept (Grint, 2000) and as such it is the subject of many and often conflicting definitions (Stogdill, 1974, Bass, 2007). One way to understand the concept is to distinguish it from *management* by suggesting that leadership is about dealing with chaos and people through strategy whilst management is about ordering things and processes, in both cases in order to increase organisational effectiveness (measured, for example, by an increase in productivity). Arguing for the new importance of leadership over management in academic research, Thorpe et al (2008) point to the fact that knowledge workers, being the owners of their means of production (their brains), are much more autonomous than the traditional worker (who is dependent on organisation and management for access to the machines through which he earns a living) and that this alongside the speed with which organisations can change their business models contributes to a sense of chaos in the knowledge-worker field and highlights the importance of people leadership.

Nielsen (2009) suggests that theories of leadership can be broadly categorised by following a historical line of development as follows:
**Trait-based**
This includes a range of personal traits including cardinal virtues (such as temperance or fortitude). However, there is no agreed set of leadership traits and even less so in the cross cultural context. For example, in Japan traits like fairness, being a good listener and outgoing are most significantly linked to leadership success which contrasts with traits like self-confidence, persistence, stress tolerance and decisiveness in Western countries (O'Connell et al., 1990).

**Behaviour-Based**
These theories broadly categorised the leader’s actions along two dimensions: 1) human relations; 2) task orientation, and it was assumed that successful leaders exhibited both behaviours (Hersey and Blanchard, 1969). However, as with trait based theories, numerous studies went on to show that there is no clear set of leadership behaviours that will apply across all situations or cultures.

**Contingency-Based**
This includes a series of leadership models, such as Path-Goal Theory (Hursthouse, 2007), that seek to fit the leader behaviour to specific situations including the nature of the subordinates and the cultural milieu. Although the validity of these models has been challenged empirically, they have led to a greater understanding of the importance of leader-follower exchanges (Nielsen, 2009).

**Exchange-Based**
This include theories of transformational and transactional leadership that rely on the understanding that leadership is a two-way process of influence between leaders and followers (Hollander, 1985) (The distinction between
transactional and Transformational Leadership is often-times blurred and the two may be merged under the rubric of Transformational Leadership behaviours, as described in section 2.4.3 below). Transactional leadership also evolved into Leader-Member Exchange (LMX), which emphasised the interrelationship between leader and the specific subordinate within the group.

**Post-modern approaches**

Drath (2001) describes leadership from a post-modern perspective as a ‘dialogical’ mechanism whereby the role of leadership is ‘covert’, ensuring that ‘the right conversations take place to stimulate the dialogue that creates reality’ (Thorpe et al, 2008 p. 26), leading to feelings of involvement, enterprise and commitment amongst the organisational members (p. 50). In other words, the true leader may not be necessarily the person who wears the badge. From this perspective it is understandable that post-modern leadership thinkers speak of ‘the leaders’ in the conventional sense as a socially constructed notion reflecting ‘our own implicit theories regarding the roles that management should perform’ (Betts and Santoro, 2007, p. 6) or a product of the ‘imagination’ orchestrated by the leaders themselves (Grint, 2000). Post-modern leadership theories fall broadly into two groups

- **Self-identity theories**: These emphasise the fact that leadership is an emergent process from the group’s culture (Markus and Kitayama, 1991, Hogg, 2001a, Hogg, 2001b) and suggest that the individual’s
cognitive information processing is multilayered, pointing the future direction for the study of cross-cultural studies in leadership.

- Social network theories: A further step along the line of thinking initiated by the self-identity turn is the integration of social networks into the leadership field. In social network theory, individuals and groups are linked together through relationships and interactions embedded in a social system (Bass, 1990, Granovetter, 1985, Nielsen, 2009).

From the 1990s exchange-based models (for example, transformational/transactional leadership behaviours) became very popular and were largely seen as replacement for earlier theories. Post-modern approaches challenged this and offered earlier approaches especially the trait-based approaches, a way back into the mainstream by coupling organisational values with individual leaders’ value traits.

### 2.4.2 Exchange theories v Post-modern approaches

It is easier to see how the post-modern critique to leadership as a process focused on the person of the leader would be justified by reference to what Whitley (2009, p. 15) terms the Silicon Valley pattern of economic organisation, characterised by ‘shallow hierarchies, extensive external linkages, limited diversification, and a strong “change culture” to adapt quickly to unpredictable events’ than it would be by reference to the multiproduct, hierarchical, vertically integrated companies more prevalent in the manufacturing, military and, to some extent, the service industry (e.g., call-centres).
There are two other types of organisations that may particularly fit the post-modern model: the first is proposed by Cunha (2002) and would consist of ‘knowledge-intensive’ environments characterised by a highly educated work-force which is largely self-directive. Alternatively they may be organisations characterised by a complex mix of cultural ingredients which emphasise the importance of cognitive ‘multilayering’ processes for effectiveness (Nielsen, 2009). In these environments, the leaders are those who influence goal preference (Button et al., 1996) by specific interventions augmenting the effect of the social cues.

When, by contrast, I examine the type of situations in which exchange based models have been typically applied (Taly et al., 2002), I find a prevalence of the hierarchical, vertically integrated type of organisation such as schools (Leithwood and Steinbach, 1991); Marine Corps (Salter, 1989, Yammarino and Bass, 1990); Methodist churches (Onnen, 1987), and; petrochemical businesses (Podsakoff et al., 1990).

For the design of this study I adopted the exchange based model as represented in the work on Transformational Leadership behaviours of Podsakoff et al (1990). There were three reasons for this: First the fact that the Transformational Leadership model offered a vast range of validated measurement scales that could be easily adapted for use in a quantitative study of this nature (which I felt was not the case with post-modern approaches). Second, the fact that my sample was mostly made up of organisations that fit a traditional, hierarchical model of management (with the possible exception of the law firms) for which the Transformational Leadership model is well suited. Third, I felt that despite the post-modern critique the transformational behaviours were sufficiently flexible to cope with a wide range of organisational characteristics.
2.4.3 Transformational Leadership Behaviours

Avolio (1995) outlined the following classical classification of Transformational Leadership behaviours:

**Inspirational motivation or Charisma**
Develop and communicate a convincing and attractive future vision that motivates, inspires and conveys optimism by providing meaning and challenge to the organisational members’ work. As a result of all of this, shared values are communicated, ‘team spirit is aroused’ (Taly et al., 2002) and followers develop a sense of common mission.

**Idealised influence**
A form of ‘motivation’ through personal example, whereby the leader shows commitment to a role, demonstrating high performance as well as a high moral standard. ‘Followers identify with these leaders and want to emulate them’ (Taly et al., 2002). The legitimacy of this identification with the leader is based on personal integrity and competence (Felfe et al., 2004) so that it supports rather than undermines the identification with the organisation.

**Intellectual stimulation**
Stimulating followers to be innovative and creative by questioning assumptions, reframing problems and challenging tasks. There is no criticism of new ideas. This increases follower’s involvement and participation.

**Individualised consideration**
Recognizing the followers’ needs for achievement and growth, and their intrinsic needs for autonomy and self-determination (Deci and Ryan,
1985); this may include forms of ‘contingent reward’ (e.g., acknowledging good work) traditionally associated with transactional leadership behaviours. Individualised consideration has a positive effect on followers’ motivation to reach consensus and carry out coordinated actions, as well as on their feelings of involvement and participation.

A point of clarification is required concerning the relationship between the transformational and the transactional leadership behaviours. The latter may include ‘contingent reward’ (rewarding follower positive behaviour) and contingent punishment (punishing bad behaviour). Such matters, however, cannot be seen as detached from some of the elements of Transformational Leadership behaviours such as ‘individualised consideration’ (e.g., applying the right reward/punishment) and ‘intellectual stimulation’ (e.g., more interesting work can be a reward) so that the relationship between transformational and transactional leadership is best understood through the augmentation hypothesis, which is that charisma contributes unique variance to performance after the effects of contingent reward are considered (Barling et al., 1996, Waldman et al., 1990). From this perspective, transactional and Transformational Leadership are best conceptualized as aspects of a single ‘Transformational Leadership’ construct (Bass, 1985) and this is the sense in which (unless the context otherwise requires) I use this expression in this thesis.

2.4.4 Transformational Leadership and the Organisational Virtues

Transformational leaders play an important role in the communication of the organisational narrative to the members by presenting an attractive vision of the organisation and, through their integrity and competence (Felfe et al., 2004) and the management instruments at their disposal, showing how that vision is to be lived out (Whetstone, 2005, Ashforth et al.,
In this way, they guide the sensemaking process toward a preferred interpretation of the organisational narrative (Gioia and Chittipeddi, 1991) and through individualised support and personalised attention inject the necessary emotional reinforcement. All of this directs members to accept the organisation narrative as part of their personal narrative without undermining the members’ autonomy (Deci and Ryan, 1985), which is in fact promoted through intellectual stimulation. In this way, leaders influence subordinates’ values, self-esteem and self-concept (Shamir et al., 1993, Mackenzie et al., 2001).

From a social learning perspective (Bandura, 1977), members learn about the Organisational Virtues from the behaviour of adequate role models. According to Bandura (1986) almost anything that can be learned via direct experience can also be learned by vicarious experience through observation of the behaviour of other people who are salient to the observer and the consequences of such behaviour. Leaders are an important and likely source of such learning by virtue of their assigned role, their status and success in the organisation, and their power to affect the behaviour and outcome of others, provided their behaviour is attractive, credible and legitimate (by standards considered normatively appropriate by the observers) and suggest altruistic (rather than selfish) motivation (Treviño et al., 2006); in other words, as long as they are worthy of the trust of the observers.

However well articulated a vision is it will sound hollow if the leaders do not live it out.

Podsakoff (1990) showed that the effectiveness of Transformational Leadership was based on trust in leaders. If there was no trust, leadership would have to be based on the pursuit of external rewards and power above the pursuit of excellence (intrinsic motivation) and would be unethical (Humphreys and Brown, 2002). Where there is trust, members will be drawn to the leaders and the transformational leaders’ behaviour will inspire attribution of
virtues to the organisation. For example, individualised support might inspire attributions of empathy to the organisation, normative role modelling attributions of integrity and conscientiousness, high expectations attributions of conscientiousness, and leaders who foster team work attributions of warmth (openness). Treviño et al (2006) cite transparent, fair, caring actions and the creation of a fair working environment, all of which can be related to the Organisational Virtues of empathy and warmth, as some characteristics of organisations led by transformational leaders.

From these considerations I may propose that:

**H2:** Transformational leadership is an antecedent of Organisational Virtues.

### 2.5 Organisational Citizenship Behaviours (“OCB”)

#### 2.5.1 Definition of OCB

OCB are discretionary behaviours on the part of employees that are believed to directly promote the effective functioning of the organisation (Podsakoff and Mackenzie, 1994, Organ, 1988). The idea that cooperative behaviours beyond task performance increase organisational effectiveness can be traced back as early as Barnard (1938) who highlighted the importance of sharing information, and more generally to Katz (1964) who referred to such behaviours as ‘extra-role behaviour’. Bateman and Organ (1983) first coined the term ‘organizational citizenship behaviour’.

Smith, Organ and Near (1983) and Organ (1988) suggested that OCB provide an effective means of managing the interdependencies between members of a work unit and, as a result, increase the collective outcomes achieved. Organ (1988 p. 8) noted that such behaviours also ‘obviate the need for the organisation to devote scarce resources to purely maintenance
functions’ which frees up resources for immediately productive purposes. Borman (2004 p 240) suggested that extra-role behaviours might ‘enhance co-workers’ or supervisors’ productivity, help coordinate activities, increase the stability of organizational performance, and help the organisation attract and retain employees’. The importance of such behaviours is said to have increased due to the shift away from strict hierarchies in organisations and the greater emphasis on autonomous team-based work structures (LePine et al., 2002) of high task interdependence.

### 2.5.2 Components of the OCB construct

Organ (1988) offered the following five component classification of OCB (Podsakoff et al, 1990 p. 115):

- **Altruism** Discretionary behaviours that have the effect of helping a specific other person with an organisationally relevant task or problem.

- **Conscientiousness** Discretionary behaviours on the part of the employee that go well beyond the minimum role requirements of the organisation, in the areas of attendance, obeying rules and regulations, taking breaks and so forth.

- **Sportsmanship** Willingness of the employee to tolerate less than ideal circumstances without complaining: ‘avoid complaining, petty grievances, railing against real or imagined slights, and making federal cases out of small potatoes’ (Organ, 1988, p. 11).

- **Courtesy** Discretionary behaviour on the part of an individual aimed at
preventing work-related problems with others from occurring.

**Civic Virtue**  
Behaviour on the part of an individual that indicates that he/she responsibly participates in, is involved in, or is concerned about the life of the company.

Lepine et al (2002) carried out a meta-analysis of OCB and were able to show that the five dimensions were indicators of a latent construct such as cooperativeness and helpfulness, notwithstanding that *sportsmanship* had relative low correlations with the other dimensions. However, they also pointed out that there may be other organisational citizenship behaviours that have not yet been identified due to the tendency to use closely related predictors. These dimensions might be more nomologically distant from the existent dimensions including matters such as adaptive performance, functional participation, personal initiative, voice behaviour, and the elements of job dedication related more directly to the task. This may help make sense of the proliferation of similar and partly overlapping constructs, such as citizenship performance (Borman et al., 1983), organisational spontaneity (George and Brief, 1992) and prosocial organisational behaviour (Brief and Motowidlo, 1986).

### 2.5.3 Consequences of OCB

Podsakoff et al (2000) reviewed four studies that linked extra-role behaviours to certain measures of organisational performance including various financial indicators, and showed that a median of 19% of the variance of the organisational effectiveness was accounted by such behaviours. A longitudinal study by Koys (2001) also supported the possible link between extra role behaviours and effectiveness (Borman, 2004).
Notwithstanding it remains unclear the extent to which the various components of the OCB construct actually contribute to effectiveness. For example, Podsakoff and MacKenzie (1994) showed that whilst civic behaviour had a strong positive effect on sales unit performance, altruism had a weaker positive effect and helping behaviours (‘courtesy’) actually had a negative effect. A possible explanation of this result is that a helpful behaviour is likely to be more important to organisations in which members work in small groups or teams with high task interdependence; the opposite may be the case in organisations in which members’ active participation is critical to the development of effective responses to competitive threats (LePine et al., 2002).

### 2.5.4 Antecedents of OCB

A number of antecedents can be related to OCB broadly categorized as motivational, dispositional and situational.

Amongst the motivational factors are found job satisfaction (Bateman and Organ, 1983), supportive leader behaviours (Smith et al., 1983), fairness (Organ, 1988, Organ, 1990) and organisational justice (Podsakoff et al., 2000), Transformational Leadership behaviours through trust in leaders (Podsakoff et al., 1990, Podsakoff and Mackenzie, 1994) and through *meaningfulness* (Schlechter and Engelbrecht, 2006), tasks and goals congruence (in the context of multidisciplinary teams) and job embeddedness (McBain, 2004).

It is not difficult to see how Transformational Leadership may be an antecedent of OCB. It is the essence of Transformational Leadership to lead followers to perform beyond the minimum levels specified by the organisation (‘extra-role performance’) (Podsakoff et al., 1990). OCB captures well this element of extra-role performance. Smith et al (1983)
showed that the Transformational Leadership dimension of individualised support had a direct causal effect on the OCB dimension of conscientiousness. As regards all the other dimensions of OCB, Podsakoff et al (1990) showed that they came about through trust in leaders generated by the Transformational Leadership behaviours.

**H3:** *Transformational leadership is an antecedent of OCB.*

Continuance commitment (the cost-benefit component of the organisational commitment construct, see literature review section on Commitment) has recently been identified as another possible motivational antecedent of OCB. This results from the acknowledgement that OCBs are not necessarily discretionary being in some cases considered during performance appraisals and linked to formal rewards (Podsakoff et al., 2000). It follows that employees with continuance commitment may view performing OCBs as complying to formal organisational norms in order to secure valued outcomes (Johnson and Chang, 2006). This may be so especially with respect to the HS (high sacrifice – see section 2.3.2) of continuance commitment. McBain (2004) reported on studies that showed that risk aversion in the context of pay for performance practices can also impact OCB, presumably in cases where such behaviours are prompted by continuance commitment considerations (Johnson and Chang, 2006).

These motivational considerations are, however, mediated by volitional or dispositional factors (Borman, 2004) such as affect and mood state (George, 1990, George, 1991), conscientiousness (acting out of a feeling of obligation or that something is the ‘right’ thing to do) and Affective Commitment (O’Reilly and Chatman, 1986). Research indicates that Affective Commitment should have the greatest effect on OCB, although it may in turn be
mediated through normative commitment (Chen and Francesco, 2003). Cohen and Avrahami (1988) showed that employees with a collectivist identity orientation tended to display organisational citizenship behaviours more frequently than those with an individualistic identity orientation.

Finally there are some situational factors that interact with the dispositional factors to mediate the adoption of OCBs some of which I have already alluded to, such as whether there is high- or low- task interdependence or whether OCBs are considered as a formal part of the employee assessment. Dispositional factors may be more important in situations of low task interdependence (Organ et al., 2006) or where there is no formal assessment. The impact of dispositional factors may result in low correlations with the antecedents of OCB or lead to difficulty in interpreting the results.

Because the adoption of OCB reflects personality variables and can affect the mood of co-workers (Bommer et al., 2003, Bandura, 1986) and impact their perception of the organisation or the leaders, as well as the behaviour of the leaders towards subordinates (Van Scotter et al., 2000, Allen and Rush, 1998), some of the motivational antecedents may also be consequents of the construct. This means that explanations of causal effects must be treated with care. Following on from this idea, Bommer et al (2003) pointed out that introducing a few “good citizens” into a setting may stimulate increased OCB among existing workgroup members. On the other hand, the departure of a few “good citizens” from a group (thereby decreasing the average citizenship level in the group) could be associated with a downward spiral in OCB because the group dynamic has shifted. This highlights the importance of the work-group context and suggests that OCB through social cognition (Bandura, 1986) will impact the perception by the employees of the organisation.
2.5.5 **OCB and the Organisational Virtues**

In section 2.1 I explained how the organisational narrative emerged through sensemaking in an ongoing process of reciprocal interaction between the organisational members. Social cognitive theory (Bandura, 1986) provides that vicarious experience (via observation of the behaviours of others) is an effective way for individuals to learn about the organisation. The observed behaviour from other people in the organisation including colleagues can be an important channel for sensemaking. However, the effectiveness of learning will depend on the attractiveness of the behavioural models being observed and the attention that the models are able to hold against competing claims for attention.

Work on identification has shown that for individuals lower order entities (those operating at the group level) tend to be more salient than higher entities (those operating at the organisational level) (Ashforth et al., 2008). This is not surprising given that closeness increases the opportunity for socialisation (Bandura, 1986) and distance reduces the individual’s locus of control (exceptions may occur in highly centralised organisations where members are oriented to look vertically for direction and resources, for example). This means that in principle the behaviour of colleagues (OCB) has the potential to offer a more attractive and attention-holding model in terms of forming cognitive impressions about the organisation than other elements in the organisation.

Assuming this to be correct, then it is not difficult to draw parallels between some of the dimensions of OCB and the dimensions of the Organisational Virtues. For example, OCB conscientiousness (hard working, not taking breaks beyond allowance, etc) and civic virtue (attending meetings in the interest of the organisation) can be related to the Organisational Virtues of integrity (e.g., honesty), conscientiousness (hard work) and courage (e.g.,
achievement oriented, competent); whilst OCB altruism and courtesy respectively can be associated with the Organisational Virtues of empathy (e.g., sympathetic) and warmth (friendly). OCB sportsmanship (not complaining) is less easy to place but it may be broadly associated with the organisational virtue of conscientiousness (e.g., hardworking, reliable).

It must be borne in mind, however, that the hypothesised causal effect of OCB depends on the attractiveness of the modelling behaviour and its salience against competing modelling influences. If the behaviour of colleagues is ordinarily taken for granted then it may have little effect. For this reason I would think it likely that the behaviour of colleagues would be more influential (in its two dimensions of attractiveness and salience) in individualist than in collectivist (Brewer and Gardner, 1996) organisations as well as in situations of high-work interaction than in those of low-work interaction. In any event, the effect of OCB is likely to be much smaller than that of transformational leaders given that role modelling is an intrinsic part of the leadership function (thus meant to be exercised intentionally and in all circumstances) whilst OCB is in principle optional and subject to a wide range of work-related and personality factors as previously discussed.

**H4: OCB is an antecedent of Organisational Virtues**

### 2.6 Corporate Citizenship

#### 2.6.1 Definition

Corporate Citizenship designates the *activities* and organisational *processes* adopted by businesses to meet their social responsibilities (Maignan et al., 1999). As such, it orbits around the second component of Carroll’s (1979) ‘social performance model’ which
encompasses (i) the moral principles underpinning corporate social responsibility, (ii) the organisational processes used to implement corporate social responsiveness, and (iii) the actual effects that businesses have on society (Maignan et al., 1999, Strand, 1983).

The activities and processes of the Corporate Citizenship construct are defined by two elements: the areas of responsibility of the good corporate citizen and the intended beneficiaries of those responsibilities (‘stakeholders’).

The areas of corporate responsibility are four, namely economic, legal, ethical and altruistic or philanthropic (Carroll, 1979, Lewin et al., 1995, Wood, 1991). Maignan and Ferrell (2000) defined them as follows:

‘Economic responsibilities include the obligations for businesses to maintain economic wealth and to meet consumption needs. Legal responsibilities imply that businesses must fulfil their economic mission within the framework of legal requirements. Ethical responsibilities require that businesses abide by the moral rules defining appropriate behaviours in society. Discretionary responsibilities are tantamount to philanthropic responsibilities and reflect society’s desire to see businesses get actively involved in the betterment of society’ (Maignan et al, 1999 p. 456).

Stakeholders are groups or individuals who influence or are influenced by the corporation’s activities (Clarkson, 1991). It is necessary to distinguish between primary and secondary stakeholders (Clarkson, 1995, Maignan and Ferrell, 2001a). The first include shareholders or investors, employees, customers, suppliers, and governments. The second include other influential parties that are not engaged in transactions with the organisations and who cannot be considered essential for its survival (e.g., the media and certain NGOs). The
stakeholder management approach (Clarkson, 1991, Donaldson and Preston, 1995) is therefore used to assess the extent of the obligations of the organisation in each one of the aforesaid four areas of responsibility (the expectations will vary, for example, by industry in line with the nature of the particular stakeholders relevant to that industry).

Business strategies can then be defined in a continuum from ‘proactive’ to ‘accommodative’, ‘defensive’ and, in the last instance, ‘reactive’, depending on how they discharge the aforesaid four responsibilities to the stakeholders (Maignan et al., 1999). A reactive business ‘rejects’ the responsibilities assigned by its stakeholder groups whilst a proactive business ‘is aware of, anticipates, and meets’ its stakeholder demands.

A point of criticism regarding Corporate Citizenship theory is whether its dependence on Stakeholder theory may dilute the ‘social responsiveness’ which it is precisely designed to serve (Pollitt and Bek, 2006). Since the stakeholders are selected on the basis of ‘influence’ over the corporation’s activities, a temptation might be to put the interests of more influential stakeholders ahead of others who might derive greater social benefit. An example of this may be the recommendation by Maignan and Ferrell (2001b) so as to make the link between Corporate Citizenship and business outcomes stronger, to emphasise aspects of Corporate Citizenship that are aligned with employee preferences. But employee preferences cannot be guaranteed to be aligned with what is good for society as the recent banking scandals have clearly illustrated. Quite simply, being selfless or moral is not a necessary part of a person’s overall self-definition (Blasi, 1984). So ethical organisations must be alert to this risk and seek to make decisions about stakeholders based on need as well as influence. However, since such decisions may be very complex, the stakeholder approach might be usefully complemented with other approaches such as Marquis et al
(2007)’s that the needs of the metropolitan area in which the firm operates (rather than individual types of stakeholders) should be the focal unit of analysis, as distance makes objective decisions more difficult.

### 2.6.2 A unidimensional or a multidimensional construct?

The original conceptualisation of Corporate Citizenship was as a unidimensional construct and it is in this way that it was used in surveys of managers conducted in US and France (Maignan and Ferrell, 2001a, Maignan and Ferrell, 2000, Maignan et al., 1998), producing adequate levels of construct reliability.

However, a study of consumers in France, Germany and US cast some doubt on the unidimensionality of the construct (Maignan, 2001). The choice of these countries was driven by their different identity orientation (Brewer and Gardner, 1996) with the US verging more towards the individualistic and the other two towards the collectivist. The data was collected from consumers in insurance companies and banks.

The study showed that economic responsibilities were either not significantly correlated or negatively correlated to the other three, except for legal responsibilities in France. In addition, economic responsibilities were not significantly associated with ‘overall responsibility’ in France and Germany and were negatively correlated to that item in the US. Also in the French sample, philanthropic responsibilities were not significantly associated with the other three responsibilities. Another finding from this study was that in the US (unlike Germany and France) economic responsibilities were considered to be the most important corporate responsibilities of business. It follows that ‘in the US, claiming
to be a socially responsible organisation when economic achievements are not the greatest can be dangerous’ (p. 70).

These findings were acknowledged by Maignan (2001) to challenge the conceptualization of Corporate Citizenship as a construct made up of four correlated dimensions, at least from the perspective of consumers as opposed to managers.

2.6.3 Antecedents of Corporate Citizenship

Graafland and van de Ven (2006) found that the adoption of measures to improve Corporate Citizenship by an organisation depended on the managers’ moral beliefs rather than their belief on the financial benefits of such measures. In order to understand the nature of such moral beliefs, Maignan et al (1999) tested three of the fourteen dimensions of organisational culture identified by Reynolds (1986) against the Corporate Citizenship construct11:

**Market orientation**  
Supports the value of market intelligence and functionally coordinated actions directed at understanding the business and social environment (Day, 1994).

**Humanistic orientation**  
Supports values and policies that promote caring and harmony amongst employees and also towards other stakeholder groups.

11 Organizational culture is ‘the pattern of basic assumption that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration’ (Schein, 1984 p. 3).
(Cooke and Hartmann, 1989).

**Competitive orientation**
Supports actions that promote winning and personal success (Cooke and Rousseau, 1988) and encourages employees to achieve high performance regardless of its effects on other employees (Cooke and Hartmann, 1989).

The first two were positively and the last negatively correlated with Corporate Citizenship. This suggests that organisations whose identity is defined by narrow functional economic interests are less likely to present a ‘pro-active’ Corporate Citizenship profile when I consider the totality of the organisation’s stakeholder group. I can relate this to the distinction that Brickson (2005) makes (elaborating on the work of Brewer and Gardner (1996)) between individualist, relational and collectivist organisations. Individualistic orientations typically emerge in commoditised highly *competitive* industries where the loss or gain of clients might boil down to differences of price. Relational orientations might be typically found in industries which procure tailor-made services for clients. Collectivistic orientations are typical of cooperatives. Of these three, the first would fit the least pro-active Corporate Citizenship profile.

### 2.6.4 Outcomes of Corporate Citizenship

The Corporate Citizenship construct has been positively correlated with certain business performance outcomes:

**Customer loyalty**
Employee commitment

Maignan et al (1999) showed a positive relationship between Corporate Citizenship and employee commitment. Maignan and Ferrell (2001b) suggested that the reason why positive evaluations of Corporate Citizenship may translate into organisational commitment and esprit de corps may be anchored in social identity theory (Dutton et al., 1994, Ashforth and Mael, 1989, Tajfel and Turner, 1985), since most individuals do not consider themselves to be selfish and they ‘feel proud to belong to an organization that is believed to have socially valued characteristics’ (p. 476). They also warned, however, about misrepresentations of the organisation’s commitment to Corporate Citizenship in the organisation’s communication strategies, as these may draw negative reactions from the employees.

2.6.5 Corporate Citizenship, Transformational Leadership and Organisational Virtues

By focusing on activities and processes (Maignan et al., 1999) of an ‘objective’ nature (independent of the subjective views of the members, as in the Organisational Virtues) such as ‘this organisation puts ethical principles ahead of economic principles’ the Corporate Citizenship construct offers a set of social comparative categories which are essential for effective social intercourse and social accountability (Whetten and Mackey, 2002). Such categories reflect the institutional response adopted by the senior leadership of the organisation to the various responsibilities. It follows that there should be a direct causal link between leadership attitudes and behaviours and the Corporate Citizenship of the organisation.
Treviño et al (2006) cite transparent, fair, and caring actions, and the creation of a fair working environment, as key characteristics of organisations led by transformational leaders; these characteristics respond to the ethical dimension of Corporate Citizenship.

Given the increasing attention paid by governments and the media to the responsibilities of organisations towards external stakeholders and how these impact on the sense of meaningfulness at work (Pratt and Ashforth, 2003a), I would expect the altruism or philanthropic dimension of Corporate Citizenship to be a concern of transformational leaders.

The economic dimension is related to the ethical and philanthropic dimensions as an ‘external good’ of the practice that sustains them and may reflect the ‘high expectations’ dimension of Transformational Leadership. Finally the legal dimension is related to each of the other three by making possible their realisation.

From these considerations I propose that:

**H5: Transformational leadership is an antecedent of Corporate Citizenship.**

I can see clear parallels between some of the attributes of good Corporate Citizens mentioned above and some of the Organisational Virtues such as empathy (caring, concerned), warmth (transparency, openness), integrity (fairness, honesty) and conscientiousness (compliant, reliable). Economic citizenship may be related to courage (achievement-oriented) and possibly to zeal if I consider that for economic success it is necessary to innovate. From this I may propose that organisations that are good Corporate Citizens will also be virtuous.
**H6:** *Corporate Citizenship is an antecedent of the Organisational Virtues.*

A final consideration is that I would expect the ethical and philanthropic dimensions of Corporate Citizenship to be more important antecedents of Organisational Virtues than the legal or economic dimensions which are subservient to them.
2.7 Hypotheses and Model

<table>
<thead>
<tr>
<th>Hypothesis (H)</th>
<th>Relationship</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>OV → AC</td>
<td>Affective commitment is an outcome of the Organisational Virtues</td>
</tr>
<tr>
<td>H2</td>
<td>TL → OV</td>
<td>Transformational leadership is an antecedent of Organisational Virtues</td>
</tr>
<tr>
<td>H3</td>
<td>TL → OCB</td>
<td>Transformational leadership is an antecedent of OCB</td>
</tr>
<tr>
<td>H4</td>
<td>OCB → OV</td>
<td>OCB is an antecedent of Organisational Virtues</td>
</tr>
<tr>
<td>H5</td>
<td>TL → CC</td>
<td>Transformational leadership is an antecedent of Corporate Citizenship</td>
</tr>
<tr>
<td>H6</td>
<td>CC → OV</td>
<td>Corporate Citizenship is an antecedent of the Organisational Virtues</td>
</tr>
</tbody>
</table>

Table 2-2: Hypotheses

![Theoretical Model Diagram](image)

Figure 2-1: Theoretical Model
3 RESEARCH METHODOLOGY AND DESIGN

3.1 Research methodology

3.1.1 Introduction

The main research methodology for this thesis is quantitative and positivist. That is to say, it starts from a given theory which is falsifiable (Popper, 1959) and tests it using quantitative data collected from several organisations using questionnaires. Notwithstanding, qualitative data is also collected to provide contextual background that helps interpret the quantitative data (mixed method).

A number of possible objections may be raised over my choice of methodology. The first results from the assumption that a positivist approach involves a circumstantial or accidental understanding of the causal relationships between variables so that it is incapable of informing us about the subjacent reality (in this case the organisational narrative). On the contrary with Bhaskar (1998) I argue that causal associations are real internal mechanisms that can be actualised to produce outcomes. Scientific research consists in collecting information about causal associations which supports the plausibility of a theory about the subjacent reality. That is why the qualitative information fulfils an important interpretative role helping contextualise the quantitative data against a specific social reality. A theory that is not proven by the data cannot for that reason only be assumed to have been falsified; the underlying mechanisms may not have actualised and we may need to continue collecting data to build a stronger case.
A second objection results from Coe and Beadle (2008) who state that ‘enquiries seeking to create law-like generalisations through the testing of hypotheses about causation through measurement of a defined list of variables’ (p. 10) are not adequate for *MacIntyrian studies*. Having relied on MacIntyre’s interpretation of the Aristotelian virtue tradition I am forced to consider whether this is a *MacIntyrian study* in the sense of Coe and Beadle (2008), who offer no further explanation of what they mean by the expression.

These authors were concerned with the identification of the boundaries between practices, institutions and practice-based communities in the context of ‘spaces’ – the performance house or the ‘circus’ of Beadle and Könyöt (2006) – ‘within which communities of practice may develop from a series of fragmented groups’. The relationship between such groups and the institution appears in flux, its nature sporadic yet closely bound. It is assumed that the ‘spaces’ (e.g., the building or canvas) physically and symbolically influence the groups (possibly constituting them as practice-based communities) and these in turn imbue the spaces with a shifting form of institutional identity, creating a virtuous ensemble. To properly analyse issues of cause and effect in this context, the first challenge is to disassociate the parts from the shifting whole by identifying the boundaries between practices, institutions and practice-based communities. This is a definitional challenge which Coe and Beadle (2008) address through participatory action research ‘which aims to develop practical knowledge through action and reflection on what is required for the flourishing of practices and practitioners’ (p. 18), and narrative analysis.

The difference in the present study is that the boundaries between practices, institutions and practice-based communities comprised in the case studies are well understood. The relationships between the institutions and the groups are not in flux or sporadic at least
nowhere near the level of those in Coe and Beadle (2008). I conceive of law firms as institutions embodying the practice of the law which are embedded in a professional legal community and assume the meaning of terms such as law firm, law and professional legal community to be well understood and shared by most people. I similarly assume that there is a practice of hospitality that is institutionalised in the running of hotels and which operates within a professional community constituted by hospitality training and certifications. And, even though it may not have the benefit of qualifications and professional bodies, the milk distribution operation too seems to belong to a well established community of practice and mode of institutionalisation in the UK. So although the line of enquiry in Coe and Beadle (2008) might still be applied with some profit since no definitional boundary is ever completely fixed thus exhaustively defined, I have taken the view that the existing definitional base-point is adequate so that it is now possible to ask other types of questions for which quantitative analysis offers an appropriate methodology.

Another possible objection is that quantitative research is inferior to qualitative research. Qualitative research by attempting a reconstruction of the underlying reality through a focus on symbols, language or meaning offers a richer and more textured understanding of phenomena than quantitative research. I will not quibble with this, rather note that both methodologies can be complementary (Denzin and Lincoln, 2000). Quantitative research is very useful to test hypothesis due to the relatively straight-forward nature of the measurement scales and the sophisticated statistical analysis tools available. It also makes it possible to test a large number of hypotheses at once, something that is beyond the reach of qualitative methods. In the field of virtue ethics where there exists already a substantial body of theoretical knowledge that allows for hypothesis generation, the introduction of
quantitative methodologies for hypothesis testing should be seen as a welcome
development.

A final challenge is that the production of a set of statistical indices offers a poor window
into the complexity of human behaviour (cf. MacIntyre (2007), pp. 88, 107). This is why
as a form of methodological triangulation (Denzin, 2006) I have collected a handful of in-
depth interviews and a number of ad hoc interviews as described in more detail in section
3.1.3 (mixed methods). I have used this information in the analysis of the case studies in
Chapter 7. Overall the qualitative data is thin due to the strict access conditions imposed by
the organisations and only offers interpretive support to the quantitative results.

3.1.2  Quantitative analysis

The constructs and scales used to measure the theory are initially drawn from the extant
literature; this offers a strong a priori argument for their validity (accurately measuring the
underlying concept) and reliability (consistency of measurement across data samples). I
have strived to achieve model parsimony by concentrating on key representative variables
in the chain of relationships.

The main data collection methodology is quantitative, obtained through 693 questionnaires
completed by members of the eight participating organisations (see detailed description in
Chapter 4). In planning the quantitative side of the research two considerations played an
important role: first, the need for a large sample size to obtain sufficient statistical power to
identify significant results and make it possible to carry out structural equation modelling;
and ensuring that the sample was reasonably varied to provide generalisability. I believe
the sample achieves both.
The software packages used to analyse the data are SPSS and Amos, vs. 16.0. I have used confirmatory factor analysis (‘CFA’) to measure the validity of the measurement scales against the sample data and, where necessary, made minor modifications to the construct indicators to achieve a better fit.

I have used structural equation modelling (‘SEM’) to test the validity of the theoretical model and to offer re-specifications to the model. This technique is able to estimate multiple and interrelated relationships, represent unobserved concepts in these relationships and correct for measurement error and define a model to explain the entire set of relationships. In this way it goes beyond both factor analysis and multiple regression analysis (Hair et al., 2006) (p. 711).

For SEM I have adopted a two- step approach (Hair et al, 2006). I have created a measurement model with all the constructs and tested this through CFA. Then I have freed a number of paths from the measurement model to create the theoretical model which I have tested through SEM. SEM can help hypothesise dependant relationships although it cannot support causal inferences in a cross-sectional, non-sequential, study (Hair et al., 2006) (p. 734).

3.1.3 Qualitative Analysis

Alongside the quantitative data, the findings include qualitative interviews with members of some of the organisations. In fact, it was a prerequisite of the data collection process that I should hand out and compile the questionnaires personally from the respondents in this way facilitating familiarity with the organisations as useful background to the study.
This data does not add simply only another layer of empirical information to that offered by the questionnaires. It should offer information that supports the plausibility of the theory and the linkages between the constructs that form the theory, in terms of their constituting real internal mechanisms that can be actualised to produce outcomes (Bhaskar, 1998). It may also offer useful insights that open up areas for future research.

3.1.4 Other considerations

3.1.4.1 Organisational sample
Chapter 4 describes in some detail the organizations and the characteristics of the people surveyed. Table 4-1 describes the data sample by organisation. The organizations fall into three sectors: Law, Hotel and Manufacturing/Distribution. The choice of these sectors was dictated by two considerations: the desire to focus on the service industry and the fact that my previous career in the legal and hotel sectors facilitated access to organisations in those sectors (although I had not worked in any of the law firms or hotels in which the surveys were conducted). The manufacturing and distribution entity was added as a point of comparison and was accessed through a friend who knew the CEO. Assuming substantive differences between the manufacturing/distribution entity and the other organisations, I would nonetheless expect the effect of the former on the overall quantitative analysis to be marginal due to the small sample size (73 out of a total of 643 data points); in other words, its inclusion may generate useful additional information without sacrificing model integrity.

The two law firms as described in Section 4.3 have a number of points in common but also notable differences (in particular Law Firm 1 includes a substantial Personal Injury department): therefore inferences about generalisation of the findings to other law firms should be treated with caution (I did attempt to access other Law firms but it did not prove
possible). The hotel sample is the most congruent containing multiple and relatively homogeneous hotels from two different organisations.

I chose to survey everybody in the organisations from junior to senior personnel across all functions. Except in Law firm 1 (where I expected a high response since management were actively encouraging participation), I had little idea as to the level of response I might obtain and was reluctant to limit the potential number of respondents by imposing an a priori sampling structure. Instead, to obtain a balanced sample I adopted a reactive strategy targeting through reminders specific departments or groups from whom the response level was lower than the rest of the organisation. The result of this exercise is the arguably balanced categorical samples detailed in Chapter 4.

The survey days were pre-arranged with the organisation. Typically I would spend the whole at the organisation for several weeks until the survey was completed. In Dairy for example this typically involved starting in the very early hours and finishing at the end of the working day (mid-afternoon). This way I tried to ensure that everyone had the opportunity to participate.

3.1.4.2 Ethics research considerations

Ethical considerations identified in connection with this study included the need to provide information about the purpose and confidentiality of the data collected, the protection of the anonymity of the respondents and their free participation, including the right to withdraw their consent to participate. The questionnaire already addresses some of these issues by way of a representation to the effect that (see Appendix 1) ‘this research project is carried out as part of a doctoral dissertation. This survey is anonymous and confidential.'
Individual response will not be associated with results. The results of the data will be used only for academic purposes’.

The completed questionnaires have never been shared by me with anybody within or outside the organisation. Confidentiality and anonymity is reinforced by the fact that the results are always presented – whether in this thesis or when discussing them with anybody else - in a collective manner. The only situation in which anonymity might have been compromised is where I became familiar with particular individuals through questionnaire completion or interview. To address this I made sure that the respondents understood that they were not obliged to participate even after they had submitted a questionnaire, and a small number of people (4 or 5 in total from Law Firm 1 and a hotel) chose to withdraw their questionnaire. Also some people chose not to complete all the categorical information contained in Section 1 of the questionnaire to which I did not object.

How were the interviewees selected? As Table 4-2 in Section 4.1 shows the structured interviews at the 3 hotels and at Dairy were with heads of HR or the top leadership; given their high position there could be no issue of coercion. The remaining structured interviews took place at Law Firm 2 with two partners and two solicitors who volunteered in response to an office announcement by the head of HR who had explicitly offered me no assurances that anyone would come forward. In other words there was no issue of compulsion either. Only in Law Firm 1 the senior management actively encouraged (but did not compel) and coordinated participation. However, there was nothing preventing employees from choosing not to participate as a number of them chose to do (over 10%), including a couple of respondents who withdrew their questionnaire.
To conclude where people had concerns of an ethical nature they would not participate, ask for the questionnaires back or leave incomplete some of the categorical information requested in Section 1 of the questionnaire. There was no issue of compulsion or failure to protect confidentiality or anonymity.

3.1.4.3 **Response bias: Social desirability considerations**
A related issue is that of response bias resulting from the method of distribution and collection of the questionnaires, which I conducted personally in all cases to increase response and maximise learning through observation and casual conversations with respondents. It is difficult to see why simply meeting or talking to me briefly would influence the type of respondent (sex, age, position, etc) or the manner of completion of the questionnaire, since the questionnaire related to the respondent’s organisation with which I was unconnected and their confidentiality and anonymity was being safeguarded. My conversations with the respondents were of a generic nature about the organisation or related to technical issues in the questionnaire (e.g., the mechanics of completing it). I made sure I did not pre-empt the responses by indicating a preference for one or another result. Putting a human face to an otherwise dry academic exercise probably made participation more meaningful and helped overcome unfounded concerns about anonymity by increasing trust, boosting questionnaire completion without bias.

In the case of Law Firm 1 the relationship with the respondents was closer because they completed the questionnaires one by one sitting opposite me in a room rather than at their desks. I believe this offered a comfortable environment in which to complete the questionnaire – away from the noise of the office - but they only came to the room because they wished to. I cannot see that the fact of completing the questionnaire in a room with
me would have created social desirability concerns because once again the questions concerned an organisation with which I had no connections, although it may have increased concerns about anonymity. With regards to the latter I can only fall back on the various arguments made in the previous section in particular the right to withdraw the questionnaire, which indeed was exercised on occasion.

3.2 Questionnaire Design

Appendix 1 contains the questionnaire used for this research. All the questions in Sections II to VI were assessed through a 1 (strongly disagree) to 5 (strongly agree) Likert Scale. Some of the scales contain negatively worded items, for example, in the Commitment scale questions 4 (‘I do not feel like part of this organisation’) and 7 (‘I do not feel a strong sense of belonging to this organisation’). The scores for negatively worded items were ‘reversed coded’ before data analysis.

3.2.1 Section I: Background.

This contains basic demographic (age, nationality), functional (job title, job tenure) and organisational role (seniority level) information about the respondent whilst preserving anonymity.

Organisational roles data was recorded as follows: a) support staff, b) non-managerial, c) supervisor/middle management and d) senior management. In practice these may correspond to more formal roles within the organisation reflected on the questionnaires. For example, in the case of law firms, they correspond to a) secretaries and admin staff, b) trainee solicitors and solicitors, c) associates and salaried partners and d) senior partners. In
the case of hotels, broadly to: a) team member, b) supervisor/shift leader, c) management d) senior management.

The job titles vary reflecting different types of functions by industry or even between organisations in the same industry. This is explained further in Chapter 4.

3.2.2 Section II: The Virtue Ethics Scale

The Virtue Ethical Character Scale (Chun, 2005) is a multidimensional scale of ‘Organisational Virtues’, readily accessible for researchers and respondents alike and capable of measuring all stakeholders’ views such as those of employees and customers. It makes it possible to measure the virtue character of organisations in terms of ‘what they do’ (organisational identity), ‘what they say’ (codes of conduct or desired identity) and ‘how they are seen’ (organisational image), on 6 dimensions of Organisational Virtuousness, labelled as Integrity, Empathy, Conscientiousness, Courage, Zeal, and Warmth.

The process of generation of the Virtue Ethical Character Scale began with the examination of ethical statements of 158 companies from 6 industries. The identified items were then coded and compared with the ethical values of successful global firms using NVivo. This resulted in 34 items that were then subject to a further quantitative study in the form of questionnaires based on a five-point Likert Scale (1 Strongly disagree to 5 strongly agree) collected face to face from 2548 respondents from 7 British firms, evenly split between customers and employees. In order to prompt answers the questionnaire contained the following question: ‘if your organisation was a person, it would be...’ This was followed with a series of qualitative interviews with both customers and employees.
As a result of statistical analysis, the feedback from respondents and correlation with satisfaction the 34 original items were reduced to 24 items organised in the aforesaid 6 dimensions as follows:

<table>
<thead>
<tr>
<th>Integrity</th>
<th>Honest, Sincere, Socially Responsible, Trustworthy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empathy</td>
<td>Concerned, Reassuring, Supportive, Sympathetic</td>
</tr>
<tr>
<td>Courage</td>
<td>Ambitious, Achievement oriented, Leading, Competent</td>
</tr>
<tr>
<td>Warmth</td>
<td>Friendly, Open, Pleasant, Straightforward</td>
</tr>
<tr>
<td>Zeal</td>
<td>Exciting, Innovative, Imaginative, Spirited</td>
</tr>
<tr>
<td>Conscientiousness</td>
<td>Reliable, Hardworking, Proud, Secure</td>
</tr>
</tbody>
</table>

Source: Chun (2005)

Table 3-1: Virtue Ethical Character Scale

The measurement items were included in the questionnaire preceded by the question: ‘if your organisation was a person it would be...’

3.2.3 Section III: Organisation Citizenship Behaviour (OCB)

This section of the questionnaire comprised 20 items derived from a 24-item scale developed by Podsakoff et al (1990) plus two further items (‘is willing to sacrifice personal interests for the organization’ and ‘congratulates others on their achievement’), and they were designed to measure each of Organ's (1988) 5 dimensions as follows:
| **Conscientiousness** | Is willing to sacrifice personal interests for the organization (sourced from Mowday et al (1979))
| | Does not take extra breaks
| | Obeys company rules and regulations even when no one is watching
| | Believes in giving one honest day’s work for an honest day’s pay
| **Sportsmanship** | Consumes a lot of time complaining about matters
| | Always focuses on what’s wrong, rather than the positive side
| | Tends to make ‘mountains out of molehills’
| | Always finds fault with what the organisation is doing
| **Civic Virtue** | Attends meetings that are not mandatory, but are considered important
| | Attend functions that are not required, but help the company image
| | Keeps abreast of changes in the organization
| | Reads and keeps up with organisation announcements, memos, etc
| **Courtesy** | Takes steps to try to prevent problems with other workers
| | Is mindful of how his/her behaviour affects other peoples' jobs
| | Does not abuse the rights of others
| | Tries to avoid creating problems for co-workers
| | Considers the impact of his/her actions on co-workers
| **Altruism** | Helps others who have been absent
| | Willingly helps others who have work related problems
| | Helps orient new people even though it is not required
| | Is always ready to lend a helping hand to those around him/her
| | Congratulates others on their achievement (sourced from Van Scotter and Motowidlo (1996))

*Source (save as otherwise indicated): Podsakoff et al (1990)*

**Table 3-2: OCB**
The original Podsakoff scale was developed to obtain the views of the managers about their employees’ citizenship behaviour. However, because my survey extended to all employees of the organisation, I decided instead to use the scale to ask all employees for their views about their colleagues. To make this work I deleted two items from the original scale that were specifically aimed at managers (‘Attendance at work is above the norm’ and ‘Is one of my most conscientious employees’). I also deleted an item that the Pilot Study (see below) showed was less readily understood (‘Is the classic ‘squeaky wheel’ that always needs greasing’) and another that was considered to be overlapping with the others (‘helps others who have heavy work loads’).

This left the Conscientiousness dimension with three items only so I included an item inspired from Mowday et al (1979) that seemed to fit in well with the intent of the original items (‘is willing to sacrifice personal interests for the organization’). Also, following Van Scotter and Motowidlo (1996) I added an item to the Altruism dimension (‘congratulates others on their achievement’).

3.2.4 Section IV: Leadership.

There have been many different attempts to operationalise Transformational Leadership behaviours (for example, Bradford and Cohen (1984), Bass (1985), Conger and Kanungo (1987), Podsakoff et al (1990), Avolio and Bass (2002)).

Probably the best known is the Multi-Leadership Questionnaire (MLQ) developed by Bass (1985) which included five transformational scales, three transactional scales and a dimension of laissez-faire leadership behaviour. This was followed by a shorter version comprising 45 items (the MLQ 5X) (Bass and Avolio, 1995). These scales have faced a
number of criticisms (Felfe et al., 2004). For example, Yukl (1999) questioned their discriminant validity. They have also been shown to derive different leadership factors for men and women (Antonakis et al., 2003). Podsakoff et al (1990, 2001) pointed out that these scales have been used to test only the influence of leadership behaviours on in-role performance and leader and follower satisfaction, rather than on ‘extra role’ performance thus failing to address the essence of Transformational Leadership behaviours which is to cause followers to ‘perform beyond the level of expectations’ (Bass, 1985). Confronted with these objections, a number of authors attempted to investigate alternative factor models for the MLQ resulting in solutions with less factors but poor replicability (Felfe et al., 2004).

In this thesis I shall use a scale of leadership behaviours devised by Podsakoff et al (1990) consisting of 28 items in seven dimensions. Its main attraction is its relative briefness and simplicity and the fact that it was used to measure extra role performance thus overcoming some of the above criticisms. The scale is as follows:

<table>
<thead>
<tr>
<th>DIMENSIONS</th>
<th>MEANING</th>
<th>ITEMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articulating a vision (&quot;Vision&quot;)</td>
<td>The identification and expression of a clear vision of the future</td>
<td>Have a clear understanding of where we are going</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Paint an interesting picture of the future for the organization</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Are always seeking new opportunities for the organization</td>
</tr>
<tr>
<td>Providing an appropriate model (“Role Modelling” or “Modelling”)</td>
<td>Setting an example to follow that is consistent with both the values the leader espouses and the goals of the organization</td>
<td>Lead by 'doing' rather than simply by 'telling' Provide a good role model for me to follow Lead by example</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Fostering the acceptance of group goals (“Team Building”)</td>
<td>Promoting cooperation among followers and getting them to work together toward a common goal, even at the expense of their personal goals and aspirations.</td>
<td>Foster collaboration among work groups Encourage employees to be 'team players' Get work groups to work together for the same goal Develop a team attitude and spirit among employees</td>
</tr>
<tr>
<td>High performance expectations</td>
<td>High expectations for excellence, quality, and/or high performance.</td>
<td>Show us that they expect a lot from us Insist on only the best performance Will not settle for second best</td>
</tr>
<tr>
<td>Providing Individualised</td>
<td>The leader respects followers and oversees their individual</td>
<td>Act without considering employees' feelings</td>
</tr>
<tr>
<td><strong>Support (&quot;Individualised Support&quot;)</strong></td>
<td>Development with concern about their personal feelings and needs.</td>
<td>Show respect for employees' personal feelings</td>
</tr>
<tr>
<td>-----------------------------------------</td>
<td>---------------------------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Behave in a manner thoughtful of employees' personal needs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Treat employees without considering employees' personal feelings</td>
</tr>
<tr>
<td><strong>Providing Intellectual Stimulation (&quot;Intellectual Stimulation&quot;)</strong></td>
<td>Encourages re-examination of assumptions about their work and finding creative ways of improving their performance.</td>
<td>Challenge me to think about old problems in new ways</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ask questions that prompt me to think</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Have stimulated me to rethink the way I do things</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Have ideas that have challenged me to re-examine some of the basic assumptions about my work</td>
</tr>
<tr>
<td><strong>Contingent Reward</strong></td>
<td>Rewarding employees for their achievements.</td>
<td>Always give employees positive feedback when they perform well</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Give special recognition when work is very good</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commend employees when they do better than an average job</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Personally compliment employees when they do outstanding work</td>
</tr>
</tbody>
</table>
Frequently fail to acknowledge employees' good performance

Source: Podsakoff et al (1990)

Table 3.3: Transformational leadership behaviours scale

The last dimension (‘Contingent Reward’) represents transactional leadership behaviour, yet as explained in the literature review (section 2.4.3) it is included as a dimension in the Transformational Leadership scale within the terms of the ‘augmentation hypothesis’.

This section was preceded by the question ‘how would you describe the senior managers in your organization?’

3.2.5 Section V: Commitment

The Commitment scale of Allen and Meyer (1990) includes three components namely Affective Commitment, Normative Commitment and Continuance Commitment. I only included the Affective and the Continuance components.

The Affective component was sourced from Allen and Meyer (1990) with the following modifications introduced following the Pilot Study. One item was dropped following Meyer et al (1993) (‘I think that I could easily become as attached to another organization as I am to this one’) and the item ‘I do not feel “emotionally attached” to this organization’ was amended to read ‘The bond between my organization and me are very strong’ which made better sense to the respondents and was deemed to express the same meaning.

The Continuance commitment component was only introduced after the Pilot Study since it became apparent from conversations with the managers at one of the organisations
surveyed that many employees chose to stay through lack of ambition rather than a true sense of attachment. An additional consideration was the positive effects of the HS facet of Continuance commitment reported by some authors (see section 2.3.2). The Continuance commitment scale was derived from Meyer et al 1993.

<table>
<thead>
<tr>
<th>Affective Commitment</th>
<th>I would be very happy to spend the rest of my career with this organization</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I enjoy discussing my organization with people outside it</td>
</tr>
<tr>
<td></td>
<td>I really feel as if this organisation's problems are my own</td>
</tr>
<tr>
<td></td>
<td>I do not feel like 'part of the family' at my organization</td>
</tr>
<tr>
<td></td>
<td>The bond between my organization and me is very strong (modified wording)</td>
</tr>
<tr>
<td></td>
<td>This organisation has a great deal of personal meaning for me</td>
</tr>
<tr>
<td></td>
<td>I do not feel a strong sense of belonging to my organization</td>
</tr>
</tbody>
</table>

*Source: Allen and Meyer 1990*
It would be very hard for me to leave my organisation right now, even if I wanted to. My life would be too disrupted if I decided I wanted to leave my organisation now. Right now, staying with my organisation is a matter of necessity as much as desire. I have too few options to consider leaving this organisation. One of the few serious consequences of leaving this organisation would be the scarcity of available alternatives. Leaving would entail great personal sacrifice - another organization may not match the overall benefits I have here.


### Table 3-4: Affective and Continuance commitment scales

I decided against including the Normative component for various reasons:

- the challenges identified by Allen and Meyer (1990, 1993) regarding the discriminant validity of the normative component;
- the fact that Affective Commitment tends to generally augment the effects of normative commitment and that very few effects have been identified that are exclusively attributable to normative commitment, and;
- in the interest of not lengthening further what was already a fairly long questionnaire.
The selection of one or more components for a study is fairly common practice and may be justified given that, as explained in section 2.3.4, the different components may be found to be antecedents or outcomes of one another.

### 3.2.6 Section VI: Corporate Citizenship

The original Corporate Citizenship scale (Maignan et al., 1998) consisted of 32 items which were reduced to 29 based on pre-tests with scholars and executives in the US and France. Although it is difficult to define precisely from the literature this was probably the basis of the 29-item scale used by Maignan and Ferrell (2001a) in a study of French executives.

A further 18 item-scale was developed by Maignan and Ferrell (2000) which was tested against data collected from marketing executives in France and the US separately. In each sample group, this scale showed strong convergent and discriminant validity as measured by composite reliabilities, average variance extracted and by comparing the latter against the shared variance (it is noteworthy, however, that in the US sample the shared variance between ethical and legal dimensions was comparatively high at 50%). The authors identified a number of important limitations in the scale, however: Firstly, it relied solely on the information provided by marketing executives so it may be considered reflective only of their managerial evaluations of Corporate Citizenship. Secondly it may not be considered representative of all Corporate Citizenship activities relevant to all possible industries; depth had to be sacrificed to breadth. Thirdly, it was only tested in two countries which is insufficient to demonstrate cross-cultural applicability.

Maignan (2001) developed a further scale to assess the perceptions of the Corporate Citizenship of organisations by consumers in France, Germany and the US. The choice of
these countries was driven by their different identity orientation (Brewer and Gardner, 1996) with the US verging more towards the individualistic and the other two towards the collectivist. The data was collected from consumers in insurance companies and banks. This scale consisted of 16 items (4 for each dimension of Corporate Citizenship). This was the scale chosen for this study notwithstanding that the respondents were employees of the organisation rather than consumers. This was because the alternative scales (Maignan et al., 1998, Maignan and Ferrell, 2001a) were aimed at managers and contained language and concepts that would likely be beyond the grasp of non-managers (for example, ‘we closely monitor employees’ productivity’; or ‘internal policies prevent discrimination in employees’ compensation and promotion’). By contrast, the items in the Maignan (2001) scale were more generic and as such more likely to be understood across all levels of the organisation.

Therefore, the questionnaire included 16 items derived from Maignan (2001) as follows:
| Economic Citizenship | Strives to maximise profits  
| Controls operating/production costs strictly  
| Always strives to improve economic performance  
| Plans for its long term success |
| Legal Citizenship | Ensures that its employees act within the standards defined by the law  
| Refrains from putting aside its contractual obligations  
| Refrains from bending the law even if it helps improve performance  
| Always submits to the principles defined by the regulatory system |
| Ethical Citizenship | Permits ethical concerns to negatively affect economic performance  
| Ensure that the respect of ethical principles has priority over economic performance  
| Is committed to well-defined ethics principles  
| Avoids compromising ethical standards in order to achieve corporate goals |
| Altruistic (or Philanthropic) Citizenship | Helps solve social problems  
| Participate in the management of public affairs  
| Allocate some resources to philanthropic/charitable activities  
| Play a role in our society beyond the mere generation of profits. |

Source: Maignan (2001)

**Table 3-5: Corporate Citizenship scale**

### 3.3 Pilot Study

Prior to the full study, I conducted a short pilot study encompassing some 22 employees from two participating companies (a dairy products distribution company and a law firm) to
test whether the items were readily understood by respondents. The outcome of the pilot study was as follows:

- The interviews with the respondents and the very low number of missing values indicated that the items in the questionnaire were readily understood by the respondents. I have noted above that two items were deleted from the OCB section in response to some criticisms of this section (‘Is the classic ‘squeaky wheel’ that always needs greasing’ and ‘helps others who have heavy work loads’); and that for the same reason an item was dropped from the Affective Commitment scale (‘I think that I could easily become as attached to another organization as I am to this one’) and another one was modified (‘I do not feel “emotionally attached” to this organization’).

- Following interviews with managers at one of the organisations it appeared that many employees chose to stay through lack of ambition rather than out of a true feeling of attachment. The measurement scale for Continuance commitment was therefore added to the questionnaire.
4 DESCRIPTION OF THE DATA SAMPLE ORGANISATIONS

The objective of this chapter is to familiarise the reader with the organisations surveyed. In order to do this, the chapter gives first an overview of the categorical data collected by organisation. This is followed by a brief description of each organisation.

4.1 Introduction

693 questionnaires were collected between November 2007 and November 2008 from the eight organisations described below. The names of the organisations are coded to protect identity. Access to the organisations was obtained in the case of the Law firms and the Timeshare HQ through personal connections at the organisations themselves and in all other cases through friends who had connections there. In all cases it was arranged with the organisation that I would distribute the questionnaires although the actual manner of distribution varied: In Law firm 2 and Country Hotel I was allowed to walk around and hand out the questionnaires at people’s desks; while in the other organisations I was installed in a room or some other space and a rota of visits was established by department. Only in Law firm 1 was completion of the questionnaire actively pushed by management and this explains the much higher completion rate (see Table 4-1). In all the other organisations it was completed on a voluntary basis. Once completed the questionnaires were returned directly to me. I sought completion of the questionnaire across all roles and functions in all the organisations.

Of the 693 questionnaires, thirty eight had to be discarded because they were substantially incomplete or, on the face of them, it was obvious that the respondents had made little effort to answer the questions. A further twelve were eliminated through a process of
Outlier detection (see section 5.2). I was left with a database of 643 questionnaires broken by organisation as indicated below.

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>Organisation type</th>
<th>Code</th>
<th>Language</th>
<th>Sample size</th>
<th>% of total employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel and leisure</td>
<td>Business hotel</td>
<td>Liverpool hotel</td>
<td>English</td>
<td>58</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Business hotel</td>
<td>Small hotel</td>
<td>English</td>
<td>30</td>
<td>35%</td>
</tr>
<tr>
<td></td>
<td>Business hotel</td>
<td>Manchester hotel</td>
<td>English</td>
<td>83</td>
<td>65%</td>
</tr>
<tr>
<td></td>
<td>Business / Leisure hotel</td>
<td>Country hotel</td>
<td>English</td>
<td>73</td>
<td>55%</td>
</tr>
<tr>
<td></td>
<td>Timeshare resorts (headquarters)</td>
<td>Timeshare HQ</td>
<td>English</td>
<td>110</td>
<td>75%</td>
</tr>
<tr>
<td>Legal</td>
<td>Commercial / Personal Injury</td>
<td>Law firm 1</td>
<td>English</td>
<td>87</td>
<td>90%</td>
</tr>
<tr>
<td></td>
<td>Commercial</td>
<td>Law firm 2</td>
<td>English</td>
<td>129</td>
<td>50%</td>
</tr>
<tr>
<td>Dairy</td>
<td>Manufacturing and Distribution</td>
<td>Dairy</td>
<td>English</td>
<td>73</td>
<td>70%</td>
</tr>
</tbody>
</table>

*Table 4-1: Description of the data sample by organisation*

Although I have included the Small hotel data in the total data sample this organisation will not be analysed individually as a case study in section 7.4 (but will be included in the total
sample) because the number of questionnaires collected fails to reach the representative level of 50% of total staff at the organisation (see section 5.2).

A number of qualitative interviews were also carried out as set out below. The majority of the interviews were unstructured, meaning that the respondents were asked to express their views about the organisation or the leadership in an informal fashion after completion of the questionnaire (e.g., *do you have anything to say about the leadership in this organisation that would be useful to interpret the questionnaire?; would you say that the leadership is transformational?; is this a good place to work at and why?*). Such conversations demanded a measure of privacy that was not always made possible (for example, the questionnaires were completed in a public space in Liverpool hotel, at Country hotel and at Law firm 2). The interviews were transcribed in a selective fashion from memory after the conversations took place. Because of the requirement for anonymity of the questionnaires I did not keep a log to trace interviews to specific questionnaires.

There were also a handful of structured interviews; these were specifically pre-arranged with the organisation and the respondents were asked to express their views on charts summarising the scores of the survey data, for example charts comparing scores across role or functional categories or unusual patterns in the scores for the different dimensions of a given construct. These interviews were not recorded electronically but careful notes were taken and transcribed as soon as possible after the interviews took place. By way of illustration, the materials used for the structured interviews at Law Firm 2 are attached as Appendix 2.
<table>
<thead>
<tr>
<th>Organisation</th>
<th>Brief description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liverpool hotel</td>
<td>1 unstructured interview with the head of HR (appointed only one month before).</td>
</tr>
<tr>
<td>Manchester hotel</td>
<td>1 structured interview with the General Manager and various unstructured interviews with staff in the context of questionnaire completion.</td>
</tr>
<tr>
<td>Country hotel</td>
<td>1 structured interview with the head of HR and occasional short conversations with staff in the context of questionnaire completion.</td>
</tr>
<tr>
<td>Timeshare HQ</td>
<td>4 unstructured interviews with people in the context of questionnaire completion.</td>
</tr>
<tr>
<td>Law firm 1</td>
<td>25 unstructured interviews with people in the context of questionnaire completion.</td>
</tr>
<tr>
<td>Law firm 2</td>
<td>4 structured interviews with two partners and two solicitors.</td>
</tr>
<tr>
<td>Dairy</td>
<td>1 structured interview with one of the two owners of the business (“owner”), plus four unstructured interviews with production staff and two unstructured interviews with distribution staff in the context of questionnaire completion.</td>
</tr>
</tbody>
</table>

*Table 4-2: Description of qualitative interviews*
4.2 Hotels

4.2.1 Introduction

The hotel business is by nature hierarchical with the General Manager having great visibility and a direct role in the day to day running of the operation. Thus the presence of the General Manager on the ground can be a key motivational factor - e.g., ‘it is great that he visits the kitchen’ (kitchen staff member, 40, male, Manchester hotel). On the other hand as Chathoth and Olsen (2002) explain in the hospitality sector the success of the General Manager is measured by their ability to mobilise middle managers (many of which have risen through the ranks) to become effective transformational leaders since the customer facing nature of the hotel business requires employees that aspire high in their own personal and career development if the hotel is to remain successful, and this requires close follow-up. So there is a tension between the visibility of the General Manager and that of the team-leaders, all of which makes hotel management a challenging art.

Another feature of the hotel business is that many jobs such as housekeeping, kitchen staff and front-office impose a moderately high level of task interdependence so I would expect the influence of OCB to be significant (LePine et al., 2002); but this may vary depending on which departments were most represented in the questionnaires (Table 4.7).

Regarding Corporate Citizenship, I was informed in the course of the interviews at the Country hotel with the head of HR that it is common for small fund-raising activities to be used as a way to bring people together and build esprit de corps and this may be reflected in positive scores for Altruism.
Finally, hotels can employ a lot of casual staff such as students on an event basis (e.g., for conferences) or on a part-time work; of the four hotels this is particularly the case in the Country hotel and the Manchester hotel (and this reflects partially in the slightly higher percentages of casual staff amongst the respondents, see Table 4.8). These people may have a lower attachment to the organisation or their team and this could prejudice the relationship between the Organisational Virtues and Affective Commitment (see section 7.4.2.1.1 for a more detailed examination of this issue).

The four hotels included in the sample are 4 star hotels. The Liverpool hotel, the Country hotel and the Small hotel are managed by the same organisation, a leading American international hotel chain that prides itself in its high level of customer service. A feature of this organisation is its focus on branding through the imposition of a common operational standard. This facilitates operation and marketing as well as franchising. Nevertheless since the hotels are typically owned by third parties (although operated under the brand of the American company) each hotel retains a measure of distinctiveness. The Liverpool hotel and the Country hotel are in fact quite different. The former is a classic city centre business hotel with 146 bedrooms and conference facilities. The Country hotel has a mixed business and leisure use with 158 bedrooms plus extensive conference facilities, golf facilities, spa, extensive gym and other recreational facilities including restaurants which give it a more relaxed ambience. The Small hotel is similar to the Liverpool hotel in size and function.

The Manchester hotel is owned and managed by a private equity firm. It is closely linked to the role of Manchester in the British Empire. According to the General Manager the equity firm wants to build a brand name and is looking for a return in the medium term,
rather than the short term. The hotel is a city centre hotel aimed at the business person and the city visitor. It has 300 bedrooms and extensive conference facilities and amenities including restaurants, coffee shops, etc.

When the employees were asked for their opinion about the senior management of the organisation (Section IV of the questionnaire under Leadership) they were asked to refer to the senior management team of the hotel which is typified by the General Manager. Where the senior leaders chose to complete the questionnaire they were asked to rate the people to whom they answered within the wider organisation.

4.2.2 Categorical data analysis for the hotels

The following tables summarise the categorical data for the hotels. A brief commentary follows below.

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liverpool hotel</td>
<td>40%</td>
<td>59%</td>
</tr>
<tr>
<td>Manchester hotel</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>Country hotel</td>
<td>46.6%</td>
<td>53.4%</td>
</tr>
</tbody>
</table>

*Table 4-3: Gender of respondents at hotels*

The percentages for both genders verge around 50% in Manchester hotel and Country hotel. The only exception is Liverpool where the proportion is 6:4 in favour of women; there is no reason to deduce from this any gender bias since the completion of questionnaires was a random process.
The Liverpool hotel has the largest positive skewness and the Manchester hotel the highest average age at 33. Overall the relatively young age verging around 30 is explained by the customer facing and low pay nature of many of the jobs (e.g., waitering and concierge). Nevertheless the positive skewness of ages, especially at Liverpool, and the wide age range also indicates that there is a tapering of older employees.

The Manchester hotel has a higher average tenure than the other two (and higher average age as mentioned above). This is not necessarily down to chance. In my interview with the
General Manager he expressed concern that some of the longer tenure employees were being ‘snatched’ by other hotels, suggesting that tenure is valued due perhaps to the more traditional nature of the hotel and the fact that, as a young employee explained, many of their customers are ‘a little older’ (shift leader, female, mid-20s). In fact, a detailed analysis of tenure at this hotel shows that 50% of the employees surveyed had worked more than four years and 13% of these 12 years or more. The fact that long-serving employees were being snatched does raise a question mark over the nature of their commitment; yet as the same young employee was eager to emphasise most people chose to stay because the hotel was a great place in which to work (i.e., Affective Commitment) rather than out of convenience (i.e. continuance commitment).

<table>
<thead>
<tr>
<th></th>
<th>Support Staff</th>
<th>Non-managerial</th>
<th>Supervisor / middle mgt.</th>
<th>Senior mgt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liverpool hotel</td>
<td>50%</td>
<td>8.6%</td>
<td>17.2%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Manchester hotel</td>
<td>62%</td>
<td>21.1%</td>
<td>11.3%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Country hotel</td>
<td>61.5%</td>
<td>24.6%</td>
<td>12.3%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

Table 4-6: Roles of respondents at the hotels
<table>
<thead>
<tr>
<th></th>
<th>Admin</th>
<th>Sales</th>
<th>Maint.</th>
<th>Housek.</th>
<th>F&amp;B</th>
<th>Front-office</th>
<th>Leisure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liverpool hotel</td>
<td>10.3%</td>
<td>12.1%</td>
<td>5.2%</td>
<td>13.8%</td>
<td>34.5%</td>
<td>12.1%</td>
<td></td>
</tr>
<tr>
<td>Manchester hotel</td>
<td>10.8%</td>
<td>6%</td>
<td>10.8%</td>
<td>8.4%</td>
<td>37.3%</td>
<td>14.5%</td>
<td></td>
</tr>
<tr>
<td>Country hotel</td>
<td>12.3%</td>
<td>15.1%</td>
<td>6.8%</td>
<td>5.5%</td>
<td>43.8%</td>
<td>5.5%</td>
<td>11%</td>
</tr>
</tbody>
</table>

*Table 4-7: Functional breakdown*

The largest percentage correspond to F&B, which includes kitchen and bar staff.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liverpool hotel</td>
<td>14%</td>
</tr>
<tr>
<td>Manchester hotel</td>
<td>16%</td>
</tr>
<tr>
<td>Country hotel</td>
<td>16%</td>
</tr>
</tbody>
</table>

*Table 4-8: Percentage of part-time workers by organisation*

4.2.3 Quantitative data analysis of the Hotel scores\(^{12}\)

*One way ANOVA with Tamhane post-hoc test:* All scores for Country hotel and Liverpool hotel are significantly higher than those for Manchester hotel:

\(^{12}\) All variables are defined as in Section 7.2.2, that is as in the final model.
Table 4-9: Mean scores for Hotels

<table>
<thead>
<tr>
<th></th>
<th>Org. Virtues</th>
<th>Trans. Leadership</th>
<th>OCB</th>
<th>Corporate Citizenship</th>
<th>Affective Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manchester hotel</td>
<td>3.59</td>
<td>3.36</td>
<td>3.51</td>
<td>3.41</td>
<td>3.05</td>
</tr>
<tr>
<td>Country hotel</td>
<td>4.07</td>
<td>3.72</td>
<td>3.79</td>
<td>3.85</td>
<td>3.54</td>
</tr>
<tr>
<td>Liverpool hotel</td>
<td>3.93</td>
<td>3.54</td>
<td>3.70</td>
<td>3.87</td>
<td>3.44</td>
</tr>
</tbody>
</table>

Figure 4-1: Chart of mean scores at Hotels

Country hotel comes generally top and Manchester hotel is, as I said above, significantly lower than the other two. The line for Liverpool hotel merges with Country Hotel at Corporate Citizenship. It then descends to end only slightly lower than Country Hotel at Affective Commitment. Given this upwards trend the mean score for Organisational Virtues at Liverpool Hotel might have been expected to be somewhat higher.

4.3 Law firms

4.3.1 Introduction

Law firms can be broadly categorised by reference to the focus of their work into ‘commercial’, and ‘non commercial’ (e.g., a law firm specialised on personal injury or
criminal work). In general non commercial firms tend to offer a better ‘work-life’ balance than ‘commercial’ law firms, although the earning potential is also lower.

Cunha (2002) described law firms as ‘knowledge intensive’ post-modern organisations characterised by a highly educated work-force which is large self-directive. A number of statements from a lawyer (associate, male, mid-40s) at Law firm 1 lends weight to the assertion that lawyers do not expect a directive form of management because they work quite independently (e.g., ‘lawyers are quite independent’; ‘lawyers have to be trusted to do their work well and to manage their own work’). However, other statements from the same firm (e.g., ‘law firms don’t change’, ‘lawyers don’t know how to manage’) call into question the post-modern organisation’s change culture required ‘to quickly adapt to unpredictable events’ (Whitley, 2009); something which is made difficult by the typical equity partnership model of management at law firms (i.e., the equity partners own the firm and they also manage it as a group). Be that as it may, it does seem that law firms present a management profile that is different in both substance and form from that of the hotels.

The law profession in the UK has undergone major changes since the lifting up of government restrictions on the size of partnerships in the early 80s, leading to merger and acquisitions activity between law firms in an attempt to beat overcapacity. Technology has facilitated the commoditisation of traditional legal services such as conveyancing increasing competition even from non lawyers, forcing law firms to diversify into ever more complex services in order to maintain margins and stay ahead. The technological gap between technology savvy firms (normally the larger, better resourced, firms) and others remains a key competitive advantage.
The rapid increase in the size of many firms through mergers and industry overcapacity have strained the traditional legal career structure (solicitor or lawyer, associate, salaried partner, equity partner) resulting in job insecurity, pressure to work longer hours without additional rewards and lower employee commitment manifested in a willingness to move more readily amongst firms (regarding affective commitment of lawyers, see sections 7.4.4.1 and 7.4.4.2); lawyers also resent that they have a ‘bad name’ amongst the public (NEWSBRIEFS, 2009). Alonso and Faley (1998) reported the growth of a ‘culture of abuse’ of younger lawyers at the hands of more senior lawyers pointing to a lack of proper management and leadership training. There is finally a big gap between the pay levels in London and those in the provinces.

Law firm 1 (Manchester) is a middle size regional firm (98 employees) traditionally focused on non-commercial work and at the time of the surveys suffering from most of the issues highlighted above: lower margins from commoditised services, technological gap and large employee turnover. In an effort to overcome some of these problems and find a possible merger suitor the firm had embarked on a process of change (including a change of name and a greater focus on commercial work) which was generating considerable anxiety amongst the staff leading some to argue that the firm was shedding its friendly character and taking a ‘dive for profits’ at the expense of people.

Law firm 2 (Midlands) is mainly focused in commercial work. It is the regional branch in the Midlands of an international UK Law firm which has been named in the media for a number of years as one of the best places to work in the UK and which is also highly successful in terms of revenue and profits. This international law firm was formed over a number of years (mostly during the nineties) through mergers with and (whole or part)
acquisitions of law firms situated in strategic UK regions and countries in an effort to overcome some of the problems outlined above. By sharing work across offices the firm can benefit from service price and work-flow differences across its various offices, an example of what Zeughauser (2008) calls ‘successful geographic expansion’ in the legal sector. In addition to collecting the questionnaires I interviewed individually 4 volunteers from this firm: one equity partner (corporate department), one salaried partner (property department), a two-year qualified solicitor from the corporate department and a two-year qualified solicitor from the property department. Since the corporate and property departments constitute about 80% of the work-load of the firm and the interviewees represented two clearly distinct groups (partners and junior lawyers), I considered this group to be a sufficiently representative sample. In any event, the firm was not prepared to grant further access.

When asked their opinion about the senior management (Section IV of the questionnaire under Leadership), employees would have understood in Law firm 1 the four equity partners, and in Law firm 2 the local management team represented by the head of the firm and the national functional heads (as confirmed by one of the interviewees).

### 4.3.2 Categorical Data analysis for Law firms

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law firm 1</td>
<td>31%</td>
<td>69%</td>
</tr>
<tr>
<td>Law firm 2</td>
<td>38.6%</td>
<td>61.4%</td>
</tr>
</tbody>
</table>

*Table 4-10: Gender of respondents at Law firms*
The slight skew in favour of females is not surprising since law firms, in addition to lawyers, have secretaries and admin. personnel who are traditionally female.

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Dev</th>
<th>Skew.</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law firm 1</td>
<td>35.87</td>
<td>9.689</td>
<td>.441</td>
<td>40</td>
</tr>
<tr>
<td>Law firm 2</td>
<td>35.12</td>
<td>9.055</td>
<td>.737</td>
<td>38</td>
</tr>
</tbody>
</table>

*Table 4-11: Mean age of respondents at Law firms*

Lawyers tend to start work in their early twenties and retire in their mid to late fifties, so thirty-five is probably a fair average for a well-balanced firm.

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Dev</th>
<th>Skew.</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law firm 1</td>
<td>4.60</td>
<td>3.879</td>
<td>1.154</td>
<td>12</td>
</tr>
<tr>
<td>Law firm 2</td>
<td>5.60</td>
<td>4.279</td>
<td>.941</td>
<td>12</td>
</tr>
</tbody>
</table>

*Table 4-12: Mean tenure of respondents at Law firms*

The average tenure seems about right when considering that the training contract is about two years after which most lawyers stay for two to three years. There are, however, high skews (around the 1 mark) at the two law firms which reflects the fact that, notwithstanding their highly selective culture, law firms tend to retain good employees and offer good career progressions. The longer tenure of Law firm 2 confirms the impression derived from the interviews that this firm has been more successful at retaining and nurturing good employees; one might say that this is also a result of its greater commercial success.
Support Staff includes secretaries and support functions; non-managerial staff refers to trainee solicitors and solicitors; supervisor/middle management refers to associates and salaried partners; and senior management to the equity partners.

‘Solicitors’ are lawyers and undergo a 2 year pre-qualification training as ‘trainee solicitors’. Solicitors can acquire the statuses of associates and salaried equity or ‘partners’. Equity partners own an equity share in the profits of the firm and are liable for the losses of the firm (which losses may be limited if the firm adopts Limited Liability Partnership (“LLP”) status). Salaried partners have the status of partners but do not participate in the profits or losses of the firm. They will normally be expected to accede to equity in due course. Associates have some management responsibilities over a small team; they are the equivalent of middle management in corporations. Associates have no guarantees of progress to salaried partnership and some consider this status as increasing their responsibilities ‘with little rewards’ (senior associate, male, mid-30s, Law firm 1). The interviews showed that this can become a source of considerable anxiety.

<table>
<thead>
<tr>
<th></th>
<th>Support Staff</th>
<th>Non-managerial</th>
<th>Supervisor / middle mgt.</th>
<th>Senior mgt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law firm 1</td>
<td>40.2%</td>
<td>36.8%</td>
<td>19.5%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Law firm 2</td>
<td>34.7%</td>
<td>36.3%</td>
<td>16.9%</td>
<td>12.1%</td>
</tr>
</tbody>
</table>

*Table 4-13: Roles of respondents at Law firms*
The Legal Commercial department breaks up into property/litigation, corporate/finance and other commercial work. The breakdown of lawyers by speciality is approximately one third of the total commercial lawyers in each firm. (This information was collected directly from the questionnaires in Law firm 2 and from the interviews with one of the senior partners in Law firm 1.)

The Finance department tends to work with the Corporate department and there is greater emphasis on team work. The Property and Litigation department also share a similar work culture amongst themselves with an emphasis on individualised work around long term projects. The ‘Other’ commercial department includes specialist commercial work like ‘reinsurance’ or ‘intellectual property’.

Table 4-14: Functions of respondents at Law firms

<table>
<thead>
<tr>
<th></th>
<th>Legal commercial</th>
<th>Legal non-commercial</th>
<th>Other departments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law firm 1</td>
<td>35.6%</td>
<td>47.1%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Law firm 2</td>
<td>78.7%</td>
<td>10%</td>
<td>11.3%</td>
</tr>
</tbody>
</table>
4.3.3 Quantitative data analysis of the scores for Law firms\textsuperscript{13}:

\textit{T-Test}: All scores for Law firm 2 are significantly higher than those for Law firm 1

<table>
<thead>
<tr>
<th></th>
<th>Org. Virtues</th>
<th>Trans. Leadership</th>
<th>OCB</th>
<th>Corporate Citizenship</th>
<th>Affective Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law firm 1</td>
<td>3.45</td>
<td>3.06</td>
<td>3.53</td>
<td>3.29</td>
<td>3.11</td>
</tr>
<tr>
<td>Law firm 2</td>
<td>3.75</td>
<td>3.50</td>
<td>3.74</td>
<td>3.77</td>
<td>3.30</td>
</tr>
</tbody>
</table>

\textbf{Table 4-15: Means of Law firms scores}

\textbf{Figure 4-2: Chart of mean scores at Law firms}

Given the much higher scores of Law firm 2, the sharp drop of the line to Affective Commitment is somewhat surprising. Alternatively given the big dip of Transformational Leadership and Corporate Citizenship in Law firm 1 I might have expected its score for Organisational Virtues and Affective Commitment to be somewhat lower.

\textsuperscript{13} All variables are defined as in Section 7.2.2, that is as in the final model.
4.4 Timeshare HQ and Dairy

4.4.1 Introduction

I present the information about Timeshare HQ and Dairy in one final section because they have unique features that make them distinct from the other organisations and also from each other.

4.4.2 Timeshare HQ

Timeshare HQ could in fact be grouped under hotels if analysed purely from an industry perspective (hospitality sector); nevertheless from an operational and HR perspective it presents notable differences. Hotel functions such as maintenance, F&B, housekeeping and even the role of the general manager are in no way replicated at Timeshare HQ which is made up instead of accountants, finance personnel and call centre personnel. For this reason it seems preferable to offer a separate categorical analysis for Timeshare HQ.

Timeshare HQ was the result of a move of the European headquarters from London to Ireland six years ago and the organisation is facing serious recruitment and personnel retention issues; according to the head of HR there is a 20% annual turnover in the customer services department and 80% in telemarketing. On the one hand, it is difficult to retain foreign employees on which the organisation is heavily reliant because ‘the commitment to the company is often tied to the commitment to Ireland’ (senior finance team member, male, mid-40s). On the other, Irish employees ‘seem to like working part time’ (senior customer service team member, female, mid-30s), for example, combining work with study and often do not see the long term career potential of working for this organisation.
When asked for their views about the senior leaders (Section IV of the questionnaire under Leadership), the employees would have understood the senior leadership team in particular the office head, the head of HR and their own functional head.

4.4.3 Categorical data analysis of Timeshare HQ

A third of the employees are Irish, 55% come from other European countries (only 5% of these are from Britain) and the remainder from other parts of the World, although they all spoke English fluently so that there was no language barrier. According to the head of Marketing (male, mid-40s) many of these international workers see their job as a means to acquire some experience and travel rather than as a means of career progression.

Average tenure of the respondents is about 2.5 years with a large positive skew (1.6). The average age is similar to that of respondents from the law firms (30), which is higher than what the head of HR described (24). Gender is slightly skewed in favour of females (6:4). 71% of the people surveyed described themselves as non-managerial, 17% as middle management and 9% as senior management. About 45% of the respondents worked in telemarketing, 23% in customer services, 12% in finance and accounting, 10% in financial services (customer loans) and the remainder in core functions like HR management.

4.4.4 Dairy

Dairy is the only manufacturing and distribution organisation in the sample. It was included by way of contrast with the other organisations all of which belong in the service sector. I was keen to explore what differences the sector might make.

Dairy is a middle size regional operator created through an ambitious policy of acquisition of small distributors over the last 10 years. It differentiates itself from its large competitors
by focusing on non-business customers and small businesses (B2B). Given that the margins are small and efficiencies in this sector are tied down to large supply chains (Sankaran and Luxton, 2003), the company is very cost conscious which can lead to dissatisfaction amongst some employees. For example, employees in distribution complained to me that they had to pay for their coffee after returning from their night rounds; and some of the distribution hubs needed some serious work doing (and after raising this concern with management they did not seem all that willing to improve things) – which points to a lack of the organisational virtue of empathy. They tolerate this because according to the owner (mid-40s, male) the typical employee has no career ambitions and sees this as a ‘job to retirement’ (continuous commitment).

The manufacturing operation is central to the success of distribution. Defects in products will lead to dissatisfied customers. According to the head of manufacturing (male, early 50s) the focus of the manufacturing operation is on avoiding errors (‘We get few complaints’) rather than on constant process improvement, which denotes a ‘reactive’ rather than a ‘proactive’ form of management (Belmonte, 2007) (this ought to have a negative impact on the organisational virtue of Zeal).

The head of manufacturing also explained that manufacturing production relies on team work: ‘if the operator has a day off the packer will step in to operate the machines...People have a good laugh together. Sometimes go out together. There is a family environment’. However, beyond team work best practice in this sector (Zelinski, 2006) requires the assumption of responsibility by each individual member of the team as if he were a leader. This does not appear to be the case since according to the same individual ‘nobody is going to hurt their back working here’ and ‘if someone does not like the job they leave’.

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In distribution there is a strong hierarchical culture but the emphasis is much more on individual responsibility above team work. The individual salesmen have face to face contact with the client and are responsible for the products delivered and for collecting payment. Their success depends on the good health of their relationship with clients.

The head of Manufacturing spoke of the relationship with the staff as being based on ‘ruthlessness’, meant to ‘to scold but without hurting’ (something which is more easily aligned with transactional than transformational leadership and may point to a lack of the organisational virtue of ‘Warmth’). The owner as I mentioned before explained that for many, especially on the distribution side of the business, this is ‘a job to retirement’ and that they ‘have no ambitions, just want to earn a living that they sometimes supplement with another job’. My brief exchanges with many distribution staff confirmed this view.

I collected data from each of the 4 sites: a headquarters, 2 distribution sites and a manufacturing plant. When asked about the senior managers (Section IV of the questionnaire under Leadership) employees would have thought of their site head and the two owners of the business.

4.4.5 Categorical data analysis of Dairy

In terms of the profile of the employees, gender is clearly skewed at 9:1 in favour of males, which makes sense since the very appellative ‘milkman’ implies a male association. The mean age of the respondents is 46 and the average tenure is quite high at 5.7. 14% of the respondents were support staff, 55% non-managerial staff, 23% middle managers and 6% senior managers (which includes site managers). Functionally 20% of the staff worked in Manufacturing, 68.5% in Distribution and 8.2% in Administration.
4.4.6 Quantitative data analysis of the scores for Timeshare HQ and Dairy\textsuperscript{14}

\textit{t-test:} the scores for Timeshare HQ are significantly higher than those for Dairy in Leadership, OCB and Corporate Citizenship:

<table>
<thead>
<tr>
<th></th>
<th>Org Virtues</th>
<th>Trans. Leadership</th>
<th>OCB</th>
<th>Corporate Citizenship</th>
<th>Affective Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timeshare HQ</td>
<td>3.77</td>
<td>3.66</td>
<td>3.8</td>
<td>3.65</td>
<td>3.18</td>
</tr>
<tr>
<td>Dairy</td>
<td>3.72</td>
<td>3.37</td>
<td>3.43</td>
<td>3.43</td>
<td>3.13</td>
</tr>
</tbody>
</table>

\textit{Table 4-16: Means scores for Timeshare HQ and Dairy}

\textit{Figure 4-3: Chart of mean scores at Timeshare HQ and Dairy}

In light of the differences in the scores of the aforesaid three variables, I would have expected the scores for Organisational Virtues in Dairy to be lower and for this to be matched by a lower score for Affective Commitment; or, alternatively for the scores of Timeshare HQ for those two variables to be higher.

\textsuperscript{14} All variables are defined as in Section 7.2.2, that is as in the final model.
4.5  **Global analysis**\(^{15}\)

The objective of this section is to gain a broad overview of the scores by comparing all the mean scores across all the organisations.

4.5.1  **Analysis of means**

<table>
<thead>
<tr>
<th></th>
<th>Organisational Virtues</th>
<th>Transf. Leadership</th>
<th>OCB</th>
<th>Corporate Citizenship</th>
<th>Affective Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law firm 1</td>
<td>3.45</td>
<td>3.06</td>
<td>3.53</td>
<td>3.29</td>
<td>3.11</td>
</tr>
<tr>
<td>Law firm 2</td>
<td>3.75</td>
<td>3.50</td>
<td>3.74</td>
<td>3.77</td>
<td>3.30</td>
</tr>
<tr>
<td>Manchester hotel</td>
<td>3.59</td>
<td>3.36</td>
<td>3.52</td>
<td>3.41</td>
<td>3.05</td>
</tr>
<tr>
<td>Timeshare HQ</td>
<td>3.77</td>
<td>3.66</td>
<td>3.80</td>
<td>3.65</td>
<td>3.18</td>
</tr>
<tr>
<td>Dairy</td>
<td>3.72</td>
<td>3.37</td>
<td>3.43</td>
<td>3.43</td>
<td>3.13</td>
</tr>
<tr>
<td>Country hotel</td>
<td>4.07</td>
<td>3.72</td>
<td>3.79</td>
<td>3.85</td>
<td>3.54</td>
</tr>
<tr>
<td>Liverpool hotel</td>
<td>3.93</td>
<td>3.54</td>
<td>3.70</td>
<td>3.87</td>
<td>3.44</td>
</tr>
<tr>
<td>Total</td>
<td>3.74</td>
<td>3.46</td>
<td>3.66</td>
<td>3.61</td>
<td>3.24</td>
</tr>
</tbody>
</table>

*Table 4-17: Means for all variables by organisation*

\(^{15}\) Ditto.
4.5.2 Commentary

The place marks of the names on the right of Figure 4-4 corresponds broadly to the rank ordering of the mean scores for all variables by organisation: Country hotel generally comes top, followed by Liverpool hotel, Timeshare HQ, Law firm 2, Dairy, Manchester hotel and Law firm 1 at the bottom.
Looking again at Figure 4-4, I would have expected the Affective Commitment scores for Timeshare HQ and Dairy to be higher in line with their starting positions at Organisational Virtues. Alternatively given their lower scores for Leadership (Dairy) and Corporate Citizenship (Timeshare HQ) I might have expected their scores for Organisational Virtues to be lower. The final position of Law firm 1 (higher Affective Commitment) is also difficult to explain given its poor starting score (for Organisational Virtues) and its poor performance for Leadership and Corporate Citizenship.

This brief examination suggests that Timeshare HQ, Dairy and Law firm 1 may be somewhat different from the other organisations in the sample.
5 INTRODUCTION TO CFA AND SEM

5.1 Introduction

This chapter comprises two parts. The first is a brief analysis of the scale data in preparation for the CFA and SEM. The second provides an explanation of the technique of CFA and SEM.

5.2 Scale data analysis

In this section I test the suitability of the data for multivariate statistical analysis, in particular for CFA and SEM.

Representativeness of the sample

Since the data is cross-sectional, a percentage of 50% or more of the data may be considered an adequate representative sample of the population in each organisation (Rosenberg and Daly, 1993). This condition is met in all cases except Small hotel which is therefore included in the total database but is not analysed individually.

Missing cases

The number of missing cases across the whole database is extremely low: less than 1% for each of the variables. In view of this, I have applied the Replace Missing Cases function from the SPSS (v. 16.0.1) programme as preparation for CFA and SEM.

Outliers

I eliminated 12 outliers from the initial sample of 693 standardising the values of the distributions and using a z-score threshold value of 3.75 (Tabachnick and Fidell, 2001). This together with the deletion
of another 38 cases which were incomplete left a data sample of 643.

**Power (required sample size)**

Statistical ‘power’ is the capacity to detect an experimental effect of the independent variable on the dependent variable when one truly exists (Rosenberg and Daly, 1993); in other words, the probability of correctly rejecting the null hypothesis (Type II error). The higher the sample size the greater chance than an effect will be detected. However, for very large sample sizes there is also the possibility of detecting effects where none exist (Type I error).

The maximum likelihood estimation (MLE), which is the technique I shall use in the CFA/SEM analysis, requires at a minimum a ratio of 10:1 data to indicator variable (Hair et al, 2006: 740 ff). The maximum number of indicator variables that will be used in the CFA and SEM models is 28. So according to this rule of thumb I require, at a minimum, 280 data points. This is close to the ‘critical sample size’ of 200 (Hoelter, 1983) (see further below). However since as I shall see in the following chapter I use two sub-scales for model validation this calls for a larger sample size of (e.g., 280x2=) 560 data points. As a matter of fact, a sample size of about 600 is more in line with the recommendations of other authors (Hu and Kano, 1992). Against this must be opposed the fact that as samples rise above 400 data points the risk of Type I errors increases, although this is less likely for complex models with many parameters to be
estimated or models where constructs have less than three measured/indicator variables.

I believe that a sample size of 643 achieves a good overall compromise in the light of the above considerations.

**Normality**

I have assessed normality by checking the kurtosis and skewness of the distribution variables. In a normal distribution the values of those two measures are zero. Positive skewness indicates a pile up of cases to the left and a long right tail and vice versa. Positive kurtosis indicates a distribution that is too peaked and vice versa. Appendix 3 shows the kurtosis and skewness for the summated scales used for SEM. It shows that all distributions are negatively skewed and in a large majority of cases have positive kurtosis. However, there are only three extreme cases of kurtosis or skewness (significantly above the acceptable range of +1/-1): L13 (skewness 1.5), OZ1 (kurtosis 2.9) and OZ5 (kurtosis 2.4). Since, in accordance with the Central Limit Theorem, the effects of non-normality are considered to be negligible for data samples of 200 or more (Hair et al, 2006: 80) I have not at this stage carried out any modifications to those variables.

**Linearity**

Linearity is important for multivariate techniques based on correlational measures of association; nonlinear effects will not be represented in the correlation value, resulting in an underestimation
of the relationship (Hair et al 2006: 85). Although SEM uses a
covariance rather than a correlation matrix, the correlation matrix is
but a special case of covariance where standardised values are used.

An observation of scatter graphs for each construct and for each
construct plotted against other constructs in the manner of the
hypothesised relationships, does not reveal any non linear patterns.
The strongest inter-corrrelations are for the dimensions of the
Organisational Virtues construct and the weakest for commitment
and all relationship with commitment. There is no visual evidence of
any negative relationships.

**Homoscedascity**

**/ Heteroscedascity**

Homoscedascity refers to the assumption that dependent variables
exhibit equal levels of variance across the range of predictor
variables. Homoscesdascity is ‘desirable because the variance of the
dependant variable being explained in the dependence relationship
should not be concentrated in only a limited range of the independent
values’ (Hair et al 2006: 83).

An analysis of scatter graphs for each construct shows that there may
be a few instances of heterosdascity, e.g., between empathy and
courage in the Organisational Virtues, between OCB Sportsmanship
and OCB Altruism, between Corporate Citizenship ‘economic/legal’
and ‘altruism/ethics’. However, these are not replicated when plotted
against other constructs. Overall, the evidence of heterosdascity does
Conclusion

The database seems to offer an adequate sample for CFA/SEM in terms of representativeness, power, outliers and missing cases. The cross-sectional nature of the data and the variety of organisations represented lends it some generalisability. There are some instances of skewness and kurtosis and perhaps also some heterosdascity in the Law firms/Timeshare HQ database. However, given that these are relatively few and do not appear to be extreme, and in view of the large sample size and the power associated with it, I shall not modify the database at this stage. Once the measurement models for the individual constructs have been tested under CFA there may be new summated scales created. At that stage the normality of the data will be tested again and if the instances of non-normality are more extreme or greater in number I shall then consider modification and retesting.

5.3 CFA and SEM techniques

5.3.1 Introduction

The reference below to a ‘dimension’ means each latent first order construct of a measurement model. Dimensions are made up of ‘indicators’ or ‘items’ e.g., the construct ‘Warmth’ in the Ethical Virtue Character Scale is made up of, amongst others, the indicator
‘open’. In turn these dimensions become indicators of higher order measurement models (e.g., in the final SEM model in Ch. 7 ‘Organisational Virtues’ is a dimension made up of indicators such as Warmth).

I have used confirmatory factor analysis (‘CFA’) to test (confirm) the fit of the measurement scales of the various constructs (e.g., the Ethical Virtue Character Scale for ‘Organisational Virtues’) against the sample data. This analysis can be found in Chapters 6 and 7. I have then in Chapter 7 built a measurement model made up of all the revised measurement scales and tested it through CFA. Then I have freed a number of paths to create the structural equation model (‘SEM’).

5.3.2 Validity

Before a model is considered confirmed through CFA it should satisfy certain validity criteria (Hair et al, 2006: 776 ff.):

**Convergent** The indicators of a specific dimension should converge or share a high proportion of variance in common. This is indicated by:

- Path estimates that are statistically significant and whose standardised estimates exceed at least 0.5 and, ideally, 0.7.
- A variance extracted (‘VE’) level of 0.5 or higher.
- A coefficient alpha exceeding 0.7 indicating adequate reliability. Reliability of 0.6 to 0.7 may be acceptable where other indicators of construct validity are good.

**Discriminant** This is the extent to which a dimension is truly distinct from the other
dimensions. Hair et al (2006) suggest that the best way to test this is by comparing the VE for any two dimensions with the square of the correlation estimate between the two constructs. The VE should exceed the aforesaid square correlation. ‘The logic here is based on the idea that a latent construct should explain its item measures better than it explains another construct’ (Hair et al, 2006: 778). It is also important that there should not be high indicator cross-loadings across dimensions.

**Nomological**

This is the extent to which the intercorrelation among the dimensions in a measurement model makes sense: ‘nomological validity determines whether the scale demonstrates the relationships shown to exist based on theory or prior research’ (Hair et al, 2006 p. 138). Problems with nomological validity will be indicated by high or low intercorrelations that are not supported by the theory or very high intercorrelations (above 0.9, Hair et al, 2006 p. 227) that indicate potential issues of multicollinearity.

**Face**

Face validity represents no more than the fact that there is a good theory behind the inclusion of the indicators in a given dimension. ‘Thus, in a very real sense, face validity is the most important validity test’ (Hair et al 2006: 778).

### 5.3.3 CFA - Fit indices

I use the following measures to estimate fit:

**Absolute fit measures**

This is a direct measure of how well the model specified reproduces the observed data.
• $\chi^2$ Statistic ($\frac{\chi^2}{df} < 3$): This is the most fundamental absolute fit index. However, this measure is problematic for use with complex models because it is highly sensitive to sample size and number of variables, increasing in line with increases in the other two (Hair et al., 2006 p. 747). This means that complex models or those with more than 200 cases are unlikely to obtain desired low $\chi^2$ scores which show that there is no difference between the matrices. All $\chi^2$ statistics will be calculated at the 0.1% level. Unless otherwise indicated, the scores for this statistic will be assumed to be statistically significant.

• The Goodness-of-Fit Index (GFI) is less sensitive to sample size than the $\chi^2$ Statistic and it is not adjusted for the number of degrees of freedom. Values range from 0 to 1, with higher values indicating better fit. Hair et al (1995: 689) suggest that 0.865 indicates a marginal fit although values above 0.9 are recommended.

• The Root Mean Square Error of Approximation (RMSEA). This measure seeks to correct for sample size and model complexity by including each in its computation. It basically indicates the likely error of the fit by focusing on the population (rather than the sample) fit, so it can be described as an index of ‘badness of fit’. It is particularly useful for sample sizes above 500 (Hair et al., 2006: 748). Acceptable levels fall below 0.8, values of 0.9 can be considered marginal (Hair et al., 1995) and those above 1 are indicative of a poor fit (Brown and
Peterson, 1993).

**Incremental fit indices**

These assess how well a specified model fits relative to some alternative baseline model, such as the null model which assumes that all observed variables are uncorrelated. This class of fit indices thus represent the improvement in fit by the specification of related multi-item constructs (Hair et al, 2006: 749).

- **Comparative Fit Index (CFI).** This fit is insensitive to model complexity. Values range from 0 (no fit) to 1 (perfect fit). Hair et al (2006) suggest an optimum value would be above 0.92 for data samples of more than 250 observations and with less than 30 variables.

**HOELTER at 0.1**

The index states the sample size at which chi square would not be significant, i.e., that is how small the sample size would have to be for the result to be no longer significant. Hoelter recommends values of at least 200. Values of less than 75 indicate very poor model fit (Hoelter, 1983, Tabachnick and Fidell, 2001).

The indices most commonly reported are the CFI and the RMSEA (Tabachnick and Fidell, 2001: 702). I shall adopt as indicator of a good fit a solution that offers the following scores on each of the other indices: GIF and CFI (above 0.9), RMSEA (under 0.8) and HOELTER at 0.1 (above 200).
5.3.4 Re-specification of the model

Where the model offers a poor fit or presents significant validity issues I shall attempt to re-specify the model. In so doing I shall bear in mind that ‘model re-specification, for whatever reason, always impacts the underlying theory upon which the model was formulated’ (Hair et al, 2006: 759); and that the objective of SEM is to test theory, rather than to obtain a given value for an index (Ibid: 752). Modifications will, accordingly, be kept to a minimum. In order to modify the model I shall consider different strategies. Where the problems seem substantial I shall conduct initially some exploratory factor analysis to see whether this sheds light. Otherwise, I shall proceed as follows (Ibid: 795 ff.):

- Items with standardised residuals above 4.0 (in absolute values) will be dropped. Those between 2.5 and 4.0 may also be considered for deletion.
- Non significant indicators or those whose path estimates are under 0.5 may be dropped. Unless otherwise expressly indicated, all indicator path estimates shall be deemed to be significant at the 0.001 level (two-tailed).
- Modification indexes will also be used as a guide.

Hair et al (2006: 752 ff.) warn against certain practices that may lead to statistical problems with model convergence, less accurate parameter estimates, reduced construct reliability, lower statistical power, an inability to detect observed variables that are truly problematic and to obscure validity problems:

- To specify less than three items per construct, although this may be permissible where there are many constructs.
• Testing a measurement model using parcels of items. ‘A composite is essentially a summated factor score’ (p. 752).

• Deleting more than two out of every fifteen measured items as this involves major modifications to the model.

5.3.5 Model cross-validation

Once a model offers a reasonably good level of fit, it must be cross-validated. Hair et al (2006) recommend dividing the original sample in two similarly sized sub-samples and reapplying the model to each such sample. The size of the sub-samples must meet the criteria described earlier for CFA/SEM analysis. The sample may be divided according to some categorical criteria. Otherwise they may be randomly selected.

Overall it seems difficult to identify two clearly distinct categorically distinct groups that meet the sample size requirements. I shall accordingly use two randomly split samples of 350 each selected by the SPSS Select function. It should be noted that in principle any one random sample on its own should offer sufficient proof of cross-validation, since it is in the nature of a random sample that it has no in-built bias. Nevertheless I shall use two random samples to overcome any suggestion that the results are due to chance.

Sub-sample 1:
Cross-validation is a matter of degree that can be determined by applying a series of progressively more rigorous tests (Hair et al, 2006: 819). I shall apply a ‘loose cross-validation’ criterion whereby the measurement scale will be deemed acceptable if it offers a reasonable fit for each sub-sample. This seems adequate given the heterogeneous nature of the sample.

5.3.6 Strategy for model validation

I have two types of models to test using CFA. First are the measurement scales for each construct (Chapter 6). Second is the model made up of all the constructs on which the SEM will be based (Chapter 7). I have taken an important first step towards the validity of
the constructs measurement scales by adopting measurement scales that have already been validated in previous research studies. By testing their validity against the sample data I am seeking an independent validation and, by making minor modifications where necessary, I am seeking to improve the validity of the final SEM model (Hair et al, 2006: 735). However, the major concern from a CFA perspective is the validation of the final model made up of all the constructs. This effectively becomes a new measurement scale whose dimensions are the original constructs and the items of its dimensions the dimensions of the original constructs. From this perspective I can see that the CFA test of the measurement scales is not as important as that of the final model; for example, a lack of discriminant validity amongst the dimensions of a measurement scale matters less once those dimensions become items of dimensions in the final model. For this reason, the priority in Chapter 6 will be to obtain a good fit using the various fit indices. In Chapter 7 I shall focus more closely on the validation tests and I shall cross-validate the final CFA and SEM models against the two sub-samples.
6 CONFIRMATORY FACTOR ANALYSIS OF INDIVIDUAL CONSTRUCTS

6.1 Introduction

I have taken an important first step towards the validity of the construct measurement models by adopting measurement scales that have already been validated in previous research studies. Nevertheless it is important to re-test those scales against the data through CFA for two reasons: a) to verify the findings from the literature, and b) because testing the scales in the context of data will enable me to make minor modifications which may have a positive impact on the validity of the SEM model (Hair et al, 2006: 735).

6.2 Virtue Ethical Character Scale

6.2.1 Original validation of the measurement scale

As explained in section 3.2.2 in this study I shall be using the Virtue Ethical Character Scale of Chun (2005):
Chun (2005) obtained good statistical fit scores for the measurement model of GFI (0.95), AGFI (0.93), CFI (0.95) and RMR (0.03).

The level of virtue item correlation with customer satisfaction was in general lower than with employee satisfaction, with the biggest gap applying to proud, whilst the items most highly correlated with both were honest, sincere, supportive, reassuring, trustworthy, leading, and reliable. High correlations resulted between the dimensions of Integrity, Warmth and Empathy, on the one hand, and Courage and Conscientiousness, on the other, but they still retained a significant degree of discriminant validity.

6.2.2 Analysis

Appendix 4 displays the following information for the measurement model:

- Standardised path estimates or regression weights, VE and alphas coefficients.
- Standardized correlations between the different dimensions and squared correlations for the purpose of comparison with the VE values.

<table>
<thead>
<tr>
<th>Character</th>
<th>Virtues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrity</td>
<td>• Honest, Sincere, Socially Responsible, Trustworthy</td>
</tr>
<tr>
<td>Empathy</td>
<td>• Concerned, Reassuring, Supportive, Sympathetic</td>
</tr>
<tr>
<td>Courage</td>
<td>• Ambitious, Achievement oriented, Leading, Competent</td>
</tr>
<tr>
<td>Warmth</td>
<td>• Friendly, Open, Pleasant, Straightforward</td>
</tr>
<tr>
<td>Zeal</td>
<td>• Exciting, Innovative, Imaginative, Spirited</td>
</tr>
<tr>
<td>Conscientiousness</td>
<td>• Reliable, Hardworking, Proud, Secure</td>
</tr>
</tbody>
</table>

Table 6-1: Virtue Ethical Character Scale
Convergent validity

Factor analysis/Path estimate analysis for whole scale:

‘Proud’ at 0.297 and ‘concerned’ at ‘0.340’ stand out as having the lowest overall loadings. The low loadings for Proud was also noted by Chun (2005).

The items with the highest loadings were supportive, sincere, sympathetic, reliable, innovative, and pleasant. The first three coincide with Chun (2005)’s findings.

Variance extracted: The VE values for all dimensions is equal to or exceeds 0.5 except for Courage (0.456) which was marginally below 0.5.

Coefficient alpha: all exceed 0.7.

Discriminant validity

Some of the interconstruct square correlations exceed the VE values indicating problems with discriminate validity. An examination of the factor loadings for the individual indicators (not shown) also indicates some significant cross-loadings amongst the various dimensions.

Nomological validity

The inter-correlations between empathy, integrity and warmth all exceed 0.9 indicating potential issues of multi-collinearity. In a situation like this I could attempt to create second order factors. However, there is no support for this in the literature and it seems preferable to stick with the original model and to improve the fit to the data through the modification and re-specification of the model as per
6.2.3 Model re-specification and cross-validation

A number of items have high standardised residuals. This has resulted in the deletion of ‘Concerned’ (within Empathy), ‘Ambitious’ (within Courage), ‘Spirited’ (within Zeal) and ‘Friendly’ (within Warmth). This still leaves a few items with a standardized residual covariance above 3, namely Achievement-Oriented/Proud and Leading/ Socially Responsible, but further deletions would involve major modifications to the model something which should be avoided (section 5.3.4).

Database $\chi^2$ (655.7 df 155): GFI (0.904), CFI (0.937), RMSEA (0.071), HOELTER (at 0.1) (155).

The HOELTER index is at the marginal level but overall the fit scores are acceptable. One or two further item deletions would probably overcome this problem; however they would also involve major modifications to the model, something that I am keen to avoid on theoretical grounds. The nomological validity issues arising due to the high intercorrelation between Empathy, Integrity and Warmth remain.

The re-specified model with its corresponding standardised path estimates is as follows:
Figure 6-1: Modified Virtue Ethical Character Scale
6.3 Commitment

6.3.1 Original validation of the measurement scale

Allen and Meyer (1990) developed a three-component measure of commitment (see section 2.3.2) and obtained strong coefficient alpha scores for each of the three-components, namely Affective Commitment (0.87), continuance commitment (0.75) and normative commitment (0.79). However, an examination of the intercorrelation between the scales showed clear discriminant validity between the affective and continuance components only\(^{16}\). The initial scales were subsequently modified by the same authors in a study concerning nurses (Meyer et al., 1993) resulting, paradoxically, in increased correlations between the normative and the affective component. For these and the other reasons given in section 3.2.5, I decided against including the normative commitment dimension in the

\(^{16}\)The Affective Commitment scale correlated strongly with the Organizational Commitment Questionnaire (OCQ) developed by Mowday et al (1979). Allen and Meyer (1990) noted two advantages of the affective scale over the OCQ scale: firstly, its shorter length and secondly, that ‘its items are written to assess only affective orientation towards the organization and not employees' behaviour or behavioural intentions (e.g. intention to exert effort or leave the organization). Thus, it could be used to test hypotheses concerning the consequences of Affective Commitment without concern that the relationships obtained merely reflect overlap in the content of the commitment and behaviour measures’ (p. 15).
questionnaire. Both studies delivered strong cronbach alpha scores for affective and continuance commitment (above 0.8).

<table>
<thead>
<tr>
<th>Affective Commitment</th>
<th>1. I would be very happy to spend the rest of my career with this organization</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2. I enjoy discussing my organization with people outside it</td>
</tr>
<tr>
<td></td>
<td>3. I really feel as if this organisation's problems are my own</td>
</tr>
<tr>
<td></td>
<td>4. I do not feel like 'part of the family' at my organization</td>
</tr>
<tr>
<td></td>
<td>5. The bond between my organization and me are very strong (modified wording)</td>
</tr>
<tr>
<td></td>
<td>6. This organisation has a great deal of personal meaning for me</td>
</tr>
<tr>
<td></td>
<td>7. I do not feel a strong sense of belonging to my organization</td>
</tr>
</tbody>
</table>

Source: Allen and Meyer 1990

17 Other interesting findings from the second study were that Affective Commitment was negatively correlated with age and positively correlated with intent to continue in nursing (-0.14 and 0.59) whilst the opposite obtained for continuance commitment (0.33 and -0.22).
Continuance Commitment

8. It would be very hard for me to leave my organisation right now, even if I wanted to
9. My life would be too disrupted if I decided I wanted to leave my organisation now
10. Right now, staying with my organisation is a matter of necessity as much as desire
11. I have too few options to consider leaving this organisation
12. One of the few serious consequences of leaving this organisation would be the scarcity of available alternatives
13. Leaving would entail great personal sacrifice - another organization may not match the overall benefits I have here


Table 6-2: Commitment scale

6.3.2 Analysis

As explained in section 2.3.2 some authors argue that it is possible to distinguish two facets of continuance commitment, ‘high sacrifice’ (‘HS’) and ‘low employment alternatives’ (‘LA’); and that the former is capable of driving positive commitment outcomes. Others argue that continuance commitment is capable of delivering positive organisational outcomes when combined with Affective Commitment (section 2.3.4). For these reasons I have considered the possibility of there being a single commitment measure made up of the Affective Commitment scale plus the whole or part of the continuance commitment scales.
In order to study this possibility I shall start with exploratory factor analysis (see Fig. 6 below). The result is a clear three factor structure. I may identify Factor 1 with Affective commitment (“AC”) (items 1, 2, 3, 5 and 6) and Factor 2 with Continuance Commitment (“CC”) (items 10, 11, 12 and 13). Items 4 and 7 (both reversed) stand as an additional factor; and items 8 and 9 have heavy cross-loadings between Factors 1 and 2. When analysed separately the CC items deliver a single factor, offering no evidence for a two factor structure (HS v LA).

<table>
<thead>
<tr>
<th>Rotated Component Matrix (Rotation converged in 4 iterations)</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>The bond between my organization and me are very strong</td>
<td>0.8</td>
</tr>
<tr>
<td>This organisation has a great deal of personal meaning for me</td>
<td>0.79</td>
</tr>
<tr>
<td>I enjoy discussing my organization with people outside it</td>
<td>0.77</td>
</tr>
<tr>
<td>I really feel as if this organisation’s problems are my own</td>
<td>0.75</td>
</tr>
<tr>
<td>I would be very happy to spend the rest of my career with this organization</td>
<td>0.74</td>
</tr>
<tr>
<td>It would be very hard for me to leave my organisation right now, even if I wanted to</td>
<td>0.53</td>
</tr>
<tr>
<td>I have too few options to consider leaving this organisation</td>
<td></td>
</tr>
<tr>
<td>One of the few serious consequences of leaving this organisation would be the scarcity of available alternatives</td>
<td></td>
</tr>
<tr>
<td>Right now, staying with my organisation is a matter of necessity as much as desire</td>
<td></td>
</tr>
<tr>
<td>My life would be too disrupted if I decided I wanted to leave my organisation now</td>
<td></td>
</tr>
<tr>
<td>Leaving would entail great personal sacrifice - another organization may not match the overall benefits I have here</td>
<td></td>
</tr>
<tr>
<td>I do not feel like ‘part of the family’ at my organization</td>
<td></td>
</tr>
<tr>
<td>I do not feel a strong sense of belonging to my organization</td>
<td></td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization

**Figure 6-2**: Factor analysis of Commitment scale

The correlation between AC and CC factors is both low and negative (-.1**: 2-tailed). This and the fact that I have failed to identify a HS factor of CC seem to present solid arguments for treating AC and CC as separate constructs. Further since I am above all interested in the AC outcomes, I shall disregard CC and focus on the measurement model of AC only.
The fit scores for the complete AC model with all seven items (1 to 7 above) are not satisfactory, especially the HOELTER and RMSEA indexes. This can be explained easily due to the low communalities of items 4 and 7. I would argue that this is due to the fact that they are the only reversed factors in the scale which in a long questionnaire has had the effect of confusing the respondents.

**Database** $\chi^2$ (250.9 df 14): GFI (0.905), CFI (0.862), RMSEA (0.162), HOELTER (at 0.1) (n=643) (75).

I have deleted item 4 (*I do not feel like 'part of the family' at my organization*) which had the lowest communality. The result is a much improved fit but the RMSEA is still too high and the HOELTER quite low. These challenges are understandable given the simplicity of the model. At this point rather than deleting further items to improve the scores I shall stick to Hair et al (2006)’s recommendation (section 5.3.4) and leave it at that in order to avoid major modifications.

**Database** $\chi^2$ (87.9 df 9): GFI (0.954), CFI (0.946), RMSEA (0.117), HOELTER (at 0.1) (n=643) (159).
Figure 6-3: Modified Affective Commitment scale

AC
Rest of Career
.50
Like Discussing Org.
.49
Org. Probs. as Own
.42
Close Bond with Org.
.69
Great Deal of Meaning
.62
Sense of Belonging R
.16

.71
.70
.65
.83
.79
.39

The model has a strong Cronbach’s Alpha of 0.831. Notwithstanding the low path estimate of the last indicator item (‘belonging’) the VE still exceeds 0.5 (0.51), so I shall retain it.

In AMOS Affective Commitment will be represented graphically as a rectangle because it is made up of single items rather than dimensions. The other constructs in the model will be represented graphically as ovals.

6.4 Transformational Leadership

6.4.1 Original validation of the measurement scale

As explained in section 3.2.4, Transformational Leadership behaviours was operationalised by Podsakoff et al (1990) as a 28-item scale with seven dimensions as described below. The last dimension (‘Contingent Reward’) represents a transactional leadership behaviour which as explained in the literature review (section 2.4.3) is included as a dimension in the Transformational Leadership scale within the terms of the ‘augmentation hypothesis’.

<table>
<thead>
<tr>
<th>Articulating a vision (&quot;Vision&quot;)</th>
<th>1. Have a clear understanding of where we are going</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2. Paint an interesting picture of the future for the organization</td>
</tr>
<tr>
<td></td>
<td>3. Are always seeking new opportunities for the organization</td>
</tr>
<tr>
<td></td>
<td>4. Inspire others with their plans for the future</td>
</tr>
<tr>
<td></td>
<td>5. Are able to get others committed to their dream</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Providing an appropriate model (&quot;Role Modelling&quot;)</th>
<th>6. Lead by 'doing' rather than simply by 'telling'</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7. Provide a good role model for me to follow</td>
</tr>
<tr>
<td>Fostering the acceptance of group goals (&quot;Team Building&quot; or &quot;Team&quot;)</td>
<td>8. Lead by example</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>9. Foster collaboration among work groups</td>
<td></td>
</tr>
<tr>
<td>10. Encourage employees to be 'team players'</td>
<td></td>
</tr>
<tr>
<td>11. Get work groups to work together for the same goal</td>
<td></td>
</tr>
<tr>
<td>12. Develop a team attitude and spirit among employees</td>
<td></td>
</tr>
<tr>
<td>High performance expectations</td>
<td>13. Show us that they expect a lot from us</td>
</tr>
<tr>
<td>14. Insist on only the best performance</td>
<td></td>
</tr>
<tr>
<td>15. Will not settle for second best</td>
<td></td>
</tr>
<tr>
<td>Providing Individualised Support (&quot;Individualised Support&quot;)</td>
<td>16. Act without considering employees' feelings</td>
</tr>
<tr>
<td>17. Show respect for employees' personal feelings</td>
<td></td>
</tr>
<tr>
<td>18. Behave in a manner thoughtful of employees' personal needs</td>
<td></td>
</tr>
<tr>
<td>19. Treat employees without considering employees' personal feelings</td>
<td></td>
</tr>
<tr>
<td>Providing Intellectual Stimulation (&quot;Intellectual Stimulation&quot;)</td>
<td>20. Challenge me to think about old problems in new ways</td>
</tr>
<tr>
<td>21. Ask questions that prompt me to think</td>
<td></td>
</tr>
<tr>
<td>22. Have stimulated me to rethink the way I do things</td>
<td></td>
</tr>
<tr>
<td>23. Have ideas that have challenged me to re-examine some of the basic assumptions about my work</td>
<td></td>
</tr>
<tr>
<td>Contingent Reward</td>
<td>24. Always give employees positive feedback when they perform well</td>
</tr>
</tbody>
</table>
25. Give special recognition when work is very good
26. Commend employees when they do better than an average job
27. Personally compliment employees when they do outstanding work
28. Frequently fail to acknowledge employees' good performance

Source: Podsakoff et al (1990)

Table 6-3: Transformational leadership behaviours scale

This scale was tested in traditional industries (e.g., a diversified petrochemical company) to measure the effect of such leadership behaviours on OCB. The following were significant findings:

Core transformational leader behaviours

The first three dimensions were found to be highly intercorrelated and were termed ‘core’ transformational leader behaviours (Mackenzie et al., 2001, Podsakoff et al., 1990). Podsakoff et al (1990) sought to explain these intercorrelations by suggesting that they might be outcomes of the other Transformational Leadership behaviours, or alternatively given their high correlation with Intellectual Stimulation (r = 0.84) be the antecedents of this behaviour (Bass, 1985 p. 110; Podsakoff et al, 1990). They even suggested other alternatives, such as the possibility that the high inter-item correlation might be due to their higher level of abstraction which may have caused difficulties of interpretation for the respondents; or that they might have
High performance expectations and Intellectual Stimulation were found to be negatively associated with followers’ trust in leaders. As a result they proved to have very few effects on ‘extra role performance’ (i.e. OCB) in further research conducted by Podsakoff and colleagues (Mackenzie et al., 2001). Intellectual stimulation also has often been found to be 1) negatively related to satisfaction, 2) positively related to role conflict and 3) positively related to burnout and stress (Mackenzie et al., 2001). This may be explained because it causes a cognitive reappraisal and leaders who continually do this may be deemed less predictable and/or dependable and harder to please (Mackenzie et al., 2001). Mackenzie et al (2001 p. 131) pointed out that ‘at a minimum these findings suggest that the effects of intellectual stimulation are more complex than Bass (1995) originally thought’. They may, for example, lead to effectiveness in the long term rather than the short term but this may be difficult to measure and may vary depending on the sector or role of the employees; for example, the Mackenzie et al (2001) study concerned sales people performance.

Apart from the ‘core’ transformational leader behaviours, the only other behaviour that derived a significant correlation with extra-role performance was the ‘provision of individualized support’, which is conceptually close to ‘contingent reward’.
Notwithstanding the above, the examination of the scale by Podsakoff et al (1990) indicated good correspondence between the a priori assignment of items to the various dimensions and the factor structure observed and high internal consistency reliabilities for each of the dimensions (α’s ranging from .78 to .92). The overall fit of the model produced a solid score of 0.97 in the Tucker-Lewis (1973) goodness-of-fit index (TLI), with a Chi-Square with 337 degrees of freedom = 877.07 (p < 0.001). Further testing of the scale (e.g., Podsakoff et al (1996) and MacKenzie et al (2001)) provided support for the hypothesized factors structure, internal consistency reliability and concurrent discriminant validity of the scale.

6.4.2 Analysis

Appendix 5 displays the following information for the measurement model:

- Standardised path estimates or regression weights, VE and alpha coefficients.
- Standardized correlations between the different dimensions and squared correlations for the purpose of comparison with the VE values.

Convergent validity

Factor analysis/Path estimate analysis:

Two items within ‘Individualised Support’ obtain very low overall factor loadings namely L19 (‘Treat employees without considering employees personal feelings’) (0.074) and L16 (‘Act without considering employees feelings’) (0.150); this is reflected in very low path estimate loadings. All other path estimates are above 0.5, in general above 0.7 and in some
cases (e.g., Contingent Reward and Role Modelling) above 0.9.

Variance extracted: The VE for all dimensions exceeds 0.5 with the exception of Individualised Support (0.415).

Coefficient alpha: all exceed 0.7, except Individualised Support (0.690).

**Discriminant validity**

There are problems with discriminant validity for Individualised Support, which results from the very low factor scores of items L19 (0.245) and L16 (0.399) (against 0.822 and 0.874 for the other two items in this dimension). The squared correlation estimate for Vision-Modelling and (marginally) for Vision-Team is also higher than the VE for Vision, suggesting that Vision has low discriminant validity.

**Nomological validity**

Although there are some high correlations between Vision-Modelling and Vision-Team (0.863 and 0.808) these are supported by the literature (see ‘core’ transformational leader behaviours, section 6.4.1). Another observation is that the correlations of high expectations with the other items are very low (in the range 0.29 to 0.47) which also draws support from the literature since this variable

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18 It may or may not be a coincidence that these are the only ‘reversed’ items in the scale; similar difficulties arise with the use of reserved items in OCB and commitment.
seems to have a singular, possibly negative, impact on extra-role behaviours (Mackenzie et al., 2001)\(^{19}\).

\[
\chi^2 (889.4 \text{ df 303}) \quad \text{GFI (0.904), CFI (0.957), RMSEA (0.055), HOELTER (at 0.1) (263).}
\]

### 6.4.3 Re-specification

I have deleted two additional items, 1 from Vision (L2: *Paint an interesting picture of the future for the organization*) and 1 from Contingent Reward (L28: *Frequently fail to acknowledge employees' good performance*). I have also deleted L19 (*Treat employees without considering employees' personal feelings*) from ‘Individualised Support’. This increases the VE of this dimension although it lowers the alpha score slightly to 0.677.

Since this has a substantial effect in improving the fit indices and since according to Hair et al (2006) the existence of one reliability score between 0.6 and 0.7 is acceptable provided that the other constructs have higher scores (section 5.3.2), I shall proceed with the deletion of this item.

The re-specified model derives the following fit indices, which offer a strong indication of fit:

**Database** \[\chi^2 (621.1 \text{ df 254})\]: GFI (0.928), CFI (0.972), RMSEA (0.047), HOELTER (at 0.1) \((n=643)\) (320).

The model with the standardised path coefficients is as follows:

\(^{19}\) I shall find in Chapter 7 that when High Expectations passes from being a dimension of the model to being an item in the final model the low inter correlation of High Expectation results in its elimination.
Figure 6-4: Modified transformational leadership behaviours scale
6.5 OCB

6.5.1 Original validation of the measurement scale

Based on Organ’s (1988) five dimension conceptualisation, Podsakoff et al (1990) developed a 24-item scale of organisational citizenship behaviours measuring the perception by managers of their subordinates’ behaviours. It delivered a solid score of 0.941 in the Tucker-Lewis (1973) goodness-of-fit index (TLI), with a Chi-Square with 235 degrees of freedom = 790.88 (p < 0.001). The internal consistency reliabilities all exceeded 0.7 and the results showed an adequate level of discriminant validity between the dimensions. Notwithstanding, ‘courtesy’ and ‘altruism’ were highly correlated (r=0.86) which Podsakoff et al (1990) argued might have been expected since Organ’s distinction between the two constructs is a subtle one. These two dimensions include notions on ‘peacemaking’ (actions that help prevent, resolve or mitigate unconstructive interpersonal conflict) and ‘cheerleading’ (encouraging and reinforcing co-workers’ accomplishments and professional development) (Podsakoff and Mackenzie, 1994, Organ, 1988, Organ, 1990), and were categorized by Van Dyne et al (1994) as elements of ‘social participation’. Williams and Anderson (1991) and Coleman and Borman (2000) distinguished them from the other behaviours because their focus was other individuals rather than the organisation – as such they were coded as ‘OCBI’. Subsequently, Podsakoff and Mackenzie (1994) joined these two dimensions into a new second order construct called ‘helping behaviour’ and dropped the dimension of Conscientiousness.

For this study I have used a slightly modified version (see section 3.2.3) of Podsakoff et al (1990)’s scale as follows:
| **Conscientiousness** | Is willing to sacrifice personal interests for the organization (sourced from Mowday et al (1979))
Does not take extra breaks
Obeys company rules and regulations even when no one is watching
Believes in giving one honest day’s work for an honest day’s pay |
| **Sportsmanship** | Consumes a lot of time complaining about matters
Always focuses on what’s wrong, rather than the positive side
Tends to make ‘mountains out of molehills’
Always finds fault with what the organisation is doing |
| **Civic Virtue** | Attends meetings that are not mandatory, but are considered important
Attend functions that are not required, but help the company image
Keeps abreast of changes in the organization
Reads and keeps up with organisation announcements, memos, etc |
| **Courtesy** | Takes steps to try to prevent problems with other workers
Is mindful of how his/her behaviour affects other peoples’ jobs
Does not abuse the rights of others
Tries to avoid creating problems for co-workers
Considers the impact of his/her actions on co-workers |
| **Altruism** | Helps others who have been absent
Willingly helps others who have work related problems
Helps orient new people even though it is not required
Is always ready to lend a helping hand to those around him/her
Congratulations others on their achievement (sourced from Van Scotter and Motowidlo (1996)) |

Source (save as otherwise indicated): Podsakoff et al (1990)

**Table 6-4: OCB**
6.5.2 Analysis

Appendix 6 displays the following information for the measurement model of OCB:

- Standardised path estimates or regression weights, VE and alphas coefficients.
- Standardized correlations between the different dimensions and squared correlations for the purpose of comparison with the VE values.

**Convergent validity**

*Factor analysis/Path estimate analysis*: OCB9 and OCB10 within the dimension of Civic Virtue have path estimates under 0.3\(^{20}\); OCB1 within Conscientiousness is just above 0.3 (0.315)\(^{21}\). Otherwise path estimates are slightly below 0.7 for OCB2 and OCB12 and above 0.7 for all others.

*Variance extracted*: The VE for Civic Virtue and Conscientiousness

\(^{20}\) The findings from the qualitative interviews may shed some light on the low path estimates for OCB9 (*attends meetings that are not mandatory, but are considered important*) and OCB10 (*attends functions that are not required but help the company image*) in Civic Virtue – especially OCB10. It would seem that these questions (especially OCB10) are mainly applicable to professional/management personnel who are expected to represent the company in meetings and functions, but not to others such as secretaries in law firms and staff members in hotels. The low scores may thus simply reflect the mixed nature of the roles surveyed.

\(^{21}\) OCB1 (*is willing to sacrifice personal interests for the organization*) was an item added to the questionnaire that was not in the original Podsakoff et al (1990) scale.
falls below 0.5 (0.39 and 0.47). The rest of the OCB dimensions all exceeded 0.5.

Coefficient alpha: all exceed 0.7.

**Discriminant validity**

The VE of Civic Virtue is below some of the squared correlations of this dimension with others, raising questions about its discriminant validity.

**Nomological validity**

The correlation between Courtesy and Altruism is high (0.85) which supports the findings of Podsakoff et al (1990) (see section 6.5.1). Sportsmanship also has low intercorrelations with Conscientiousness (0.35) and Civic Virtue (0.48), confirming in part the findings of Lepine et al (2002) (see section 2.5.2).

χ² 573.6, df 199: GFI (0.925), CFI (0.944), RMSEA (0.54), HOELTER (at 0.1) (278).

### 6.5.3 Re-specification

The residual estimate between OCB10 and OCB9 is 6 (!). The modification indices confirm the latter finding by giving it a discrepancy value of 112. This calls for some re-specification of the model.

I have deleted OCB1 (within Conscientiousness) and OCB9 (within Civic Virtue).

The new fit scores, which offer a strong indication of good fit, are as follows.

**Database**  χ² 404.1 df 160: GFI (0.941), CFI (0.961), RMSEA (0.049), HOELTER (at 0.1) (n=643) (325).
The re-specified model with the path estimates is as follows:

Figure 6-5: Modified OCB scale
6.6 Corporate Citizenship

6.6.1 Original validation of the measurement scale

As explained in section 3.2.6, I shall be using for this study the scale developed by Maignan (2001) to assess the perceptions of the Corporate Citizenship of organisations by consumers in France, Germany and the US. Maignan (2001) reported good reliability scores for each dimension in the three countries: cronbach alpha ranged from 0.81 to 0.92 in the French sample, from 0.91 to 0.96 in the German sample, and from 0.86 to 0.93 in the U.S. sample. However, the intercorrelations between the dimensions raised questions about the unidimensionality of the construct as explained in Section 2.6.2.
| Economic Citizenship | 1. Strives to maximise profits  
|                     | 2. Controls operating/production costs strictly  
|                     | 3. Always strives to improve economic performance  
|                     | 4. Plans for its long term success  
| Legal Citizenship   | 5. Ensures that its employees act within the standards defined by the law  
|                     | 6. Refrains from putting aside its contractual obligations  
|                     | 7. Refrains from bending the law even if it helps improve performance  
|                     | 8. Always submits to the principles defined by the regulatory system  
| Ethical Citizenship | 9. Permits ethical concerns to negatively affect economic performance  
|                     | 10. Ensure that the respect of ethical principles has priority over economic performance  
|                     | 11. Is committed to well-defined ethics principles  
|                     | 12. Avoids compromising ethical standards in order to achieve corporate goals  
| Altruistic Citizenship | 13. Helps solve social problems  
|                      | 14. Participate in the management of public affairs  
|                      | 15. Allocate some resources to philanthropic/charitable activities  
|                      | 16. Play a role in our society beyond the mere generation of profits.  

*Source: Maignan (2001)*

**Table 6-5: Corporate Citizenship scale**
6.6.2 Analysis

Appendix 7 displays the following information for the measurement model of Corporate Citizenship:

- Standardised path estimates or regression weights, VE and alphas coefficients.
- Standardized correlations between the different dimensions and squared correlations for the purpose of comparison with the VE values.

**Convergent validity**

*Factor analysis/Path estimate analysis*: There are a number of items that load under 0.7 on their respective dimensions, and two namely OZ9 (*Permits ethical concerns to negatively affect economic performance*) and OZ4 (*Plans for its long term success*) within Ethics have path estimates as low as 0.509 and 0.596 respectively. The first may be explained by the counterintuitive sense of the term *negatively* which may have confused people. The second may reflect the varying levels of awareness across different levels of seniority about planning issues higher up in the organisation.

*Variance extracted*: All are above 0.5.

*Coefficient alpha*: all exceed 0.7.

**Discriminant validity**

The VE exceed the interconstruct correlations in all cases (see appendix 7) so there appear to be no issues with discriminant validity.
Nomological validity  Economic citizenship is very poorly correlated with both ethical and philanthropic citizenship (0.28 and 0.36 respectively) echoing the findings of Maignan (2001) about the multidimensionality of the Corporate Citizenship construct (see section 2.6.2).

χ² 427.5 df 98  GFI (0.916), CFI (0.917), RMSEA (0.72), HOELTER (at 0.1) (201).

In order to improve this fit I have introduced some modifications. I have deleted 2 items namely OZ9 and OZ4 (described above), which were also the lowest loading items.

The fit indices for the re-specified model are as follows:

Database (n=643)  χ² 295.8 df 71: GFI (0.934), CFI (0.936), RMSEA (0.07), HOELTER (at 0.1) (221).
Figure 6-6: Modified Corporate Citizenship scale
7 STRUCTURAL EQUATION MODEL

7.1 Introduction to the Analysis

This chapter will examine the structural equation model. I shall do this in the following steps:

- A new measurement model will be created whose dimensions are the measurement models for each construct as re-defined in Ch. 6; the indicator items of the latter measurement models will be added together and averaged to form ‘summated scales’.
- I shall conduct a CFA of the new measurement model.
- I shall draw up the structural model according to Fig. 2.1 and I shall proceed to analyse it using SEM.

Details of skewness and kurtosis for the summated scales are set out in Appendix 3. One item of Transformational Leadership (High expectations) has a kurtosis outside the acceptable range (section 5.1). For now I shall leave it as is and rely on the Central Limit Theorem to assume normalization in view of the sample size.

---

The CFA/SEM two-step approach will give a maximum threshold of goodness of fit and also it will enable me to compare the factor loadings of the two models, which should be the same. If they are not the same, this may indicate interpretational confounding.
7.2 **Measurement model**

7.2.1 **Analysis**

Appendix 8 displays the following information for the measurement model:

- Standardised path estimates or regression weights, VE and alpha coefficients.
- Standardized correlations between the different dimensions and squared correlations for the purpose of comparison with the VE values.

**Convergent validity**

Factor analysis/Path estimate analysis: The overall factor analysis shows that Sportsmanship (OCB), Economic Corporate Citizenship, and High Expectations (Leadership) have very low loadings (under 0.3). This is reflected in their low path estimates (under 0.5 and under 0.4 for Economic Citizenship).

Since High Expectations derives a very low path estimate, I have normalized it by squaring it before proceeding further with the analysis. The kurtosis is now 0.22, therefore within the acceptable range. This improves its loading slightly and results in a marginal improvement in model fit.

Variance extracted: The VE for Corporate Citizenship is significantly below 0.5, which reflects the low path estimates of Economic Citizenship. The VE for OCB is marginally below 0.5.

Coefficient alpha: all exceed 0.7.
**Discriminant validity**

The VE of both Transformational Leadership-Organisational Virtuousness initially falls below their inter-construct squared correlation indicating issues with discriminant validity. This problem is solved following the re-specification in section 7.2.2 (VE for re-specified variables L=0.606 and OV=0.7; standardised multiple correlation L-OV for re-specified model = 0.602).

**Nomological validity**

The inter-construct correlations all fall within 0.50 (OCB – Affective Commitment) - 0.838 (Transformational Leadership - Organisational Virtuousness). The positive and relatively high correlations and the patterns of the correlations all fit in with the findings from the literature review and support the hypotheses proposed in Chapter 2.

\[ \chi^2 \ 1045.3 \ \text{df} \ 221 \]

GFI (0.849), CFI (0.911), RMSEA (0.76), HOELTER (at 0.1) (168).

### 7.2.2 Re-specification: Further deletions

**Corporate Citizenship: Economic**

This item has a very low loading and a number of high standardized residual covariances (above 4 with Organisational Virtues Courage and Leadership High Expectations; above 3 with Corporate Citizenship Legal and Leadership Individualised Support). The modification indices recommend its deletion. This fits in well with the findings of Maignan (2001) that economic citizenship was probably not a part of the Corporate Citizenship construct. From a conceptual perspective the problem of this
dimension is that by focusing solely on profits (‘external goods’) it seems to contradict the aims of the other dimensions of Corporate Citizenship. This is illustrated by the following extract of a conversation with a cook in a sister hotel of Liverpool and Country hotels where I also conducted some qualitative interviews (“Sister hotel”):

‘International organisations like to amass for themselves....every year the managers come up with these very demanding targets.... So we try to meet them by working very hard. But, like all international, big, companies they are obviously never happy with what they earn...And we know that if they are met, next year they will raise them again...At the end of the day you know that if the targets are not met the first people to go are not the bosses but the lowest paid employees...It’s too late for me now but I would definitely advice their younger colleagues to move to a different organisation if the opportunity arose ...’ (Cook, mid-50s, female)

| Transformational Leadership: High Expectations | This item also has a very low loading and a high standardized residuals with Economic Citizenship and Courage (Organisational Virtues). The literature showed that High Expectations is not associated with positive outcomes of Transformational Leadership, and may even have a negative impact in the short term. Accordingly it makes sense to delete it. |
| Organisational Virtues: Courage, Zeal and Warmth | The measurement model for Organisational Virtues displayed in Figure 6-1 shows two groupings; on the one hand Integrity, Warmth, Empathy and to a lesser extent Conscientiousness, with inter-item correlations generally |
above 0.9; and then a second group made up of Courage and Zeal whose
inter-item correlation is 0.85. A factor analysis of all the Organisational
Virtues shows that Courage has the lowest communality by some margin
(0.580).

The singling out of the binomial Courage-Zeal is redolent of the theoretical
criticism of these dimensions in Section 2.2.5, where I argued that Zeal
might have a mixed identity and that Courage faced issues of interpretation
that challenge its orientation towards the internal good and the community.
The uniquely strong association of Courage with Economic Corporate
Citizenship reinforces the perception that it is a utilitarian virtue concerned
with the achievement of external goods over internal goods. Its variance at
0.460 against an average for the Organisational Virtues of 0.65 indicates
strong agreement amongst the respondents.

As explained in Chapter 2, utilitarian virtues are arguably not virtues at all
offering no guidance for action and in any event are incompatible with
Aristotelian virtues. This may explain why Courage stands at such
distance from the other virtues which (at face value) allow for a clearer
orientation towards the internal goods and (judged through their
association with the Ethical and Altruistic dimensions of Corporate
Citizenship) the benefit of the community. These theoretical and
empirical reasons support the deletion of Courage.

However I shall retain Zeal notwithstanding its strong correlation with
Courage. There are three reasons for this. First in Section 2.2.5 I
concluded that two of its component traits were not virtues, namely ‘exciting’ and ‘spirited’. One of these (‘spirited’) was eliminated in Section 6.2.3 strengthening the case for Zeal to be considered a virtue. Secondly it is harder to make a clear argument that the traits of Zeal are utilitarian in nature judging either from face value or by the strength of correlation with Economic Corporate Citizenship. The third reason is pragmatic: deleting two dimensions out of six would seriously undermine the integrity of the Virtue Ethical Character Scale which I had set out to test, so it must be avoided unless there are overwhelmingly strong reasons to do so which is not the case here.

The inter-item correlation between Empathy, Warmth, Integrity and Conscientiousness is as we have already indicated very high: in particular that between Warmth on one hand and Empathy and Integrity respectively on the other is 0.94 and 0.96. I expressed some criticism of the term ‘Warmth’ in Section 2.2.5 concluding that it was more a matter of terminology than substance. The strong inter-correlation with the other dimensions suggests that it adds little informational value and that its elimination might increase parsimony. However, since I am not trying to

23 However, even if it is still objected that Zeal is not a virtue, character-strength or sentiments underlie virtues (both Aristotelian and utilitarian) so retaining it may add depth of analysis; the communality with the remaining dimensions at 0.639 is sufficiently high to support this argument.
create a new scale but simply work on the existing scale I shall not eliminate Warmth from the model either.

The elimination of Courage vindicates MacIntyre (2007)’s assertion that Aristotelian and utilitarian versions of virtue are incompatible (p. 197). The retention of Courage (whether Zeal is kept or eliminated) leads to very poor model fit.

The modification indices for the link Vision - Role Modelling are very high. This is not surprising since they are conceptually linked forming part (alongside Team Goals) of Podsakoff’s core transformational leader behaviours (Mackenzie et al., 2001, Podsakoff et al., 1990). They had the highest inter item correlation in the measurement model of Transformational Leadership (section 6.4.2).

Conceptually Role Modelling is arguably the more significant of the two. This was demonstrated at the interviews, especially at Law firm 1 (e.g.: ‘leaders think that mission statement is something to be talked about rather than lived’; ‘The Management team is trying to create an impression by what they say. But people can see through the marketing talk... ’ and ‘[a senior leader] does not really understand that the new values that the firm has chosen...are to be put into practice rather than simply paraded’).

Role modelling is a crucial form of cognitive reinforcement (Bandura, 1986); it makes the vision salient. From a social learning perspective
(Bandura, 1977) role modelling is essential to explain how the members learn the Organisational Virtues, more so than the communication of a vision (section 2.4.4).

A factor analysis of these two dimensions of leadership delivers only one factor with the highest communalities going to Role Modelling.

**Component Matrix**

<table>
<thead>
<tr>
<th></th>
<th>Component 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead by example</td>
<td>0.89</td>
</tr>
<tr>
<td>Provide a good role model for me to follow</td>
<td>0.89</td>
</tr>
<tr>
<td>Inspire others with their plans for the future</td>
<td>0.87</td>
</tr>
<tr>
<td>Lead by 'doing' rather than simply by 'telling'</td>
<td>0.85</td>
</tr>
<tr>
<td>Are able to get others committed to their dream</td>
<td>0.85</td>
</tr>
<tr>
<td>Have a clear understanding of where we are going</td>
<td>0.8</td>
</tr>
<tr>
<td>Paint an interesting picture of the future for the organization</td>
<td>0.78</td>
</tr>
<tr>
<td>Are always seeking new opportunities for the organization</td>
<td>0.78</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

**Figure 7-1: Factor analysis of Vision and Role Modelling**

Based on these considerations I shall delete Vision.

**OCB:**

Sportsmanship derived a very low path estimate. Lepine et al (2002) had already noted this in their meta-study of OCB. Not surprisingly the communality for this dimension is also very low (0.3). For these reasons it seems best to eliminate this item.
**Figure 7-2: CFA of theoretical model**

Database

\[ \chi^2 \] 456.6 df 126: GFI (0.917), CFI (0.955), RMSEA (0.064), HOELTER (at 0.1) (234).
The CFA for the whole sample offers a good fit and the fit for the two sub-samples is acceptable and reasonably similar which suggests a degree of homogeneity across the sample.

### 7.3 Structural Equation Model

#### 7.3.1 Theoretical Model Testing

In section 2.7 I drew up a series of hypothesis from the literature review and a theoretical model set out below, which I am going to test below using structural equation modelling:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>OV → AC</td>
<td>Affective commitment is an outcome of the Organisational Virtues</td>
</tr>
<tr>
<td>H2</td>
<td>TL → OV</td>
<td>Transformational leadership is an antecedent of Organisational Virtues</td>
</tr>
<tr>
<td>H3</td>
<td>TL → OCB</td>
<td>Transformational leadership is an antecedent of OCB</td>
</tr>
<tr>
<td>H4</td>
<td>OCB → OV</td>
<td>OCB is an antecedent of Organisational Virtues</td>
</tr>
<tr>
<td>H5</td>
<td>TL → CC</td>
<td>Transformational leadership is an antecedent of Corporate Citizenship.</td>
</tr>
<tr>
<td>H6</td>
<td>CC → OV</td>
<td>Corporate Citizenship is an antecedent of the Organisational Virtues.</td>
</tr>
</tbody>
</table>

*Table 7-1: Hypotheses*
Figure 7-3: Theoretical Model
Figure 7-4: SEM of theoretical model

Database

\[ \chi^2 = 519.5 \text{ df 130: GFI (0.907), CFI (0.947), RMSEA (0.068), HOELTER (at 0.1)} \]

Sub-sample 1

\[ \chi^2 = 374.8 \text{ df 130: GFI (0.888), CFI (0.937), RMSEA (0.073), HOELTER (at 0.1)} \]

Sub-sample 2

\[ \chi^2 = 355.4 \text{ df 130: GFI (0.890), CFI (0.937), RMSEA (0.070), HOELTER (at 0.1)} \]

All the correlations between the hypothesised links are significant at the 0.001 level except for OCB-Organisational Virtues which is significant at the 0.05 level \((p=0.034)\). Therefore all the hypotheses are supported.
7.3.2 Commentary

In section 2.4.3 I hypothesized that leadership guided the sensemaking process in the organisation so it is not surprising to find that Transformational Leadership has a strong path estimate (0.61) to Organisational Virtuousness. The effect of leadership on OCB and Corporate Citizenship is about the same at 0.7. The effect of Corporate Citizenship on Organisational Virtuousness at 0.2 is twice as large as that of OCB at 0.1. It was to be expected that Corporate Citizenship should have a stronger path estimate with Organisational Virtuousness than OCB, since both Corporate Citizenship and Organisational Virtues seek to describe the organisation\(^\text{24}\). OCB on the other hand is closer to an individual level construct focused on the behaviour of colleagues. Moreover, as pointed out in section 2.5.3 the antecedents of OCB are complex including motivational, dispositional and situational considerations, all of which helps explain why the correlation with Organisational Virtuousness is low and significant only at the 0.05 level (0.034).

Of particular concern is Civic Virtue because as one of the partners in Law firm 2 explained (salaried partner, mid-40s, male) it seems to refer partly to attending marketing and networking meetings which is only relevant to a small percentage of the employees. If this is the case then there may be little that management can do to improve its low loading.

\(^{24}\) Although as I explained in section 2.6.1 in the case of Corporate Citizenship it is done through objective policies contrasted with the subjective description of the Organisational Virtues.
The strong effect of Organisational Virtuousness (0.66) on Affective Commitment confirms the hypothesised link proposed in section 2.3.6. In order to improve the scores for Affective Commitment an organisation would try to increase the scores for the Organisational Virtues with the highest loadings and to increase the loadings in the other Organisational Virtues. This in turn takes me a step back to the hypothesised antecedents.

For example an increase in Intellectual Stimulation (low loading of 0.48) should result in an increase in a sense of challenge and excitement as represented by the virtue of Zeal (low loading 0.52) but this would need shoring up by an increase in Individualised Support and Contingent Reward to ameliorate the negative effect of Intellectual Stimulation on trust reported by MacKenzie et al (1990) (see section 6.4). This in turn may have positive effects on some of the other Organisational Virtues such as Empathy (through Individualised Support and Contingent Reward), on Conscientiousness (OCB) (0.41) and as I shall discuss further below (e.g., section 7.4.2) on Ethical Corporate Citizenship (0.47); resulting in an improvement in the Organisational Virtues and Affective Commitment.

By way of conclusion, all hypothesis listed in section 2.7 and replicated above seem to be met and the fit indices are indicative of a good fitting model. Although the fit indices for the sub-samples are not perfect they are sufficiently strong and similar to each other as to suggest that the model applies evenly across the sample. Finally the path estimate between Corporate Citizenship and ethical and philanthropic citizenship is higher than with legal citizenship as predicted in section 2.6.
Next I shall analyse the organisations by industry group using SEM. I shall use the results of the qualitative interviews to try to explain the results of the model, and will use the same types of reasoning as above to try to prop up the factor loadings.

7.4 Further analysis: Case Studies

7.4.1 Hotels

The path estimates for the hotels (excl. Small hotel) are as follows:

![SEM Diagram of Hotels](image)

*Figure 7-5: SEM of hotels*
In the context of the Hotels, all paths are significant at 0.001 except for OCB.

7.4.2 Commentary on the Hotels

Two things jump out from the chart. First is the fact that the OCB effect on Organisational Virtues (Hypothesis 4) is non significant (p=0.05); all the other path coefficients are significant at 0.001. One would expect hotels to create work interdependencies so as to give prominence to OCB. However, as explained in section 7.4.3.1.1 below the reason for this may be the impact of the casual staff in the Manchester and Country hotel. In fact when I remove the casual staff (coded ‘part-time’ staff) (33 employees, 15.4% of total) the OCB-Organisational Virtues relationship becomes significant at 0.05 (2 tailed) and increases to 0.17 with a corresponding reduction in the path estimate from Transformational Leadership to Organisational Virtues from 0.54 to 0.43. The path coefficients for the full-time staff only are set out in Table 7-2.

<table>
<thead>
<tr>
<th></th>
<th>Hotels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership – Corporate Citizenship (“L-CC”)</td>
<td>0.71***</td>
</tr>
<tr>
<td>Leadership – OCB (“L-OCB”)</td>
<td>0.76***</td>
</tr>
<tr>
<td>Leadership – Organisational Virtues (“L-OV”)</td>
<td>0.43***</td>
</tr>
<tr>
<td>Corporate Citizenship – Organisational Virtues (“CC-OV”)</td>
<td>0.34***</td>
</tr>
<tr>
<td>OCB-Organisational Virtues (“OCB-OV”)</td>
<td>0.17**</td>
</tr>
<tr>
<td>Organisational Virtues – Affective Commitment (“OV-AC”)</td>
<td>0.64***</td>
</tr>
</tbody>
</table>

***=corr. at 0.001 (2 tailed); **=corr. at 0.05 (2 tailed)

Table 7-2: Path coefficients for full-time staff at Hotels
The second thing that stands out is the fact that the Corporate Citizenship effect on Organisational Virtues is very high (0.33) and Ethical citizenship has the lowest path estimate and loading. The latter may reflect the fact that many employees in this sector are low paid and their jobs are subject to the fortunes of business. This is illustrated by the extract from the conversation with the cook at the “Sister Hotel” relayed in section 7.2.2. And may find its confirmation in the following words from the General Manager at Sister hotel:

“It may be that different departments have different sensitivities to ethical issues. The housekeeping staff may have a higher awareness of ethical issues since they are subject to constant temptations to nab this or that from the rooms, or to put an extra bottle of soap to this or that person because they have tipped me...For senior managers, ethics has a different meaning. It has to do with whether we comply with the law and treat people in accordance with the regulations and a whole gamut of strategic decisions that is clearly above the ballpark of most of the staff...” (mid-40s, male, 20 years tenure with the organisation acting as General Manager in several hotels).

This suggests that a very practical way to improve the factor loading for ethics might be to improve some of the leadership assumptions and consequent behaviours. So when the cook remonstrated with her boss for the lack of feedback despite her genuine efforts, he replied that no feedback was good feedback. What she needed and was not getting was emotional support. I may propose that an increase in the loadings for Contingent Reward and Individualised Support (0.61/0.60) might have a positive effect on perceptions of Ethics (by giving reassurance against real or imaginary perceived threats from the organisation).
7.4.2.1 Individual analysis of the hotels

The SEM charts for the three hotels are set out in Figs. 7-7 to 7-9 below.

7.4.2.1.1 Manchester and Country hotel

![Diagram of Manchester and Country hotel]

Figure 7-6: SEM of Country hotel
The paths from OCB and Corporate Citizenship to Organisational Virtues in the Country hotel (0.2 and 0.2 respectively) and the Manchester hotel (-0.07 and 0.3 respectively) are non significant (p=0.05). The path from OCB in the Manchester hotel is negative; and there is a massive gap in the composition of Corporate Citizenship in Country hotel between the factor loadings for both Ethics and Legal (in the 0.30s) and Philanthropy (0.83). In the Liverpool hotel (Fig. 7-9), by contrast, the path coefficients of OCB and Corporate Citizenship are significant and on the high side (0.27 and 0.44 respectively).
The categorical data provided in clause 4.2.2 does not on its face offer a compelling rationale for such differences. One possible explanation at least for the non significance of the aforesaid OCB link is that the Country and Manchester hotel are much larger hotels than the Liverpool hotel with many different departments and employ more casual staff25; both of these factors can depersonalise relationships.

This is how a young shift supervisor explained the process of depersonalisation due to the impact of casual staff at the Manchester hotel:

‘... the casual staff [, who] don't have a true commitment to their job; they don't see this as a career but simply as a way to earn money. Often they cancel their shifts and this causes the leaders major headaches. I would rather the hotel employed more full-time staff. But even then there are people who don't really understand the hospitality mentality. You can see it in their attitude. Me, by contrast, have always wanted to work in hotels and really enjoy it’. (Shift supervisor, early 20s, 2.5 years tenure)

Two older employees (F&B non managerial, mid-50s, Manchester hotel) noted jocosely that as a consequence of there being so many casual staff ‘here no one knows what anyone else is doing’. Still a negative correlation as in the Manchester hotel is most surprising.

At the Country hotel a young staff member (F&B, early 20s, 2 years tenure) mentioned in passing that even if people say in the surveys that they are happy they are not so, but refused to elaborate. I learnt from the head of HR at Country hotel that there had been some

25 Also a slightly higher percentage of causal staff completed questionnaires at the Country and Manchester hotels, see Table 4.8.
problems within housekeeping, so this may have poisoned relationships in some areas of the hotel helping to explain the non significance of the loading.

The factor loading of Affective Commitment is much larger in Country hotel (46%) (Fig. 7-7) than in Manchester hotel (36%) (Fig. 7-8) (and Liverpool hotel (0.37) (Fig. 7-9)). When I examine the individual virtues I discover that the loading of Empathy in Country hotel is 0.91 whilst in Manchester hotel it is only 0.69.

When I examine the differences in the loadings of the leadership behaviours I notice that Intellectual Stimulation and Individualised Support are quite low in Manchester hotel (0.44 and 0.51). This fits in with some of the complaints voiced by respondents at the Manchester hotel that there was insufficient training and that the middle managers were somewhat ‘aloof’:

‘they say they are going to fix this or that and then don’t deliver’ (F&B, female, early 20s, 1.5 years tenure); this is a place to ‘do as I say rather than do as I do’ (security personnel, male, mid 30s, 5 or 6 years tenure); ‘management can be quite rude’ (F&B, female, mid- 20s, 1 year tenure); and also ‘there is a shortage of management staff’ so that ‘[p]eople at the bottom don’t get much information about what’s going on so they feel isolated’ and ‘there are very few training opportunities’ and no ‘cross departmental training opportunities’ (receptionist team leader, late 20s, 2 years tenure); considerations echoed by the General Manager’s statement that ‘the problem is that the middle managers are not sufficiently close to their teams’.
So an improvement in Intellectual Stimulation and Individualised Support might help grow Empathy and also the score for Affective Commitment and Ethics (Corporate Citizenship) in the Manchester hotel.

In Country hotel an increase in Contingent Reward (0.56) and Individualised Support (0.54) may help to improve the score on Ethics (0.36); solving the problems afflicting some of the departments and considering a reduction in casual staff may also have a positive effect on OCB.

7.4.2.1.2 Liverpool hotel
Liverpool hotel fits the hypothesised model extremely well. The path estimates from Transformational Leadership, OCB and Corporate Citizenship to the Organisational Virtues are all significant at 0.35, 0.27 and 0.44 respectively. The first thing to notice therefore is that the three streams that feed the Organisational Virtues are relatively well balanced although it must be borne in mind that transformational leadership also acts indirectly on the Organisational Virtues through its effects on OCB and Corporate Citizenship.

The combined effect of the three variables gives the Organisational Virtues a high factor loading of 0.78, with a path estimate of 0.61 to Affective Commitment. When I compare the loading of the Organisational Virtues with those in Country Hotel there are two striking differences: the loadings for Integrity and Warmth are much lower in Liverpool hotel (Integrity: 0.9/0.68) (Warmth: 0.84/0.63).

A look at the background for this hotel may help understand why those loadings and indeed the loading of Affective Commitment are rather low. The hotel was undergoing a change of General Manager. It had gone through a boom year with the appointment of Liverpool as the European City of Culture and was now facing a mixture of high expectations and uncertainties over the impact of a downturn in the economy on performance. All of this may have created a desire for information which could not be met by the oncoming management giving way to a perception of lack of openness (Warmth). As for Integrity, a clue may lie in the low loading for Conscientiousness (OCB) (0.39) compared with that of Country hotel (0.66). Perhaps the absence of a General Manager in this period of transitioning is hurting the work practices of the staff.
This effectively confirms the importance of the general manager in hotels as Chathoth and Olsen (2002) explained who can mobilise middle managers (many of which have risen through the ranks) to become effective transformational leaders leading staff to aspire higher in their own personal and career development.

It is finally interesting to compare this hotel against the Country hotel given that the latter has a much higher loading for Affective Commitment (0.46/0.37). A quick review of the charts shows that with the exception of Conscientiousness the factor loadings for the Organisational Virtues are much higher in Country hotel than in Liverpool hotel.

As for which of the Organisational Virtues is most important to increase Affective Commitment the clue may come from comparing the factor loadings in Manchester hotel against those in Liverpool hotel since their Affective Commitment loadings are very similar (0.37 for Liverpool v 0.36 for Manchester). The Liverpool hotel has a much higher loading for Empathy (0.86/0.69) and the Manchester hotel has a much higher loading for Warmth and Integrity (0.82/0.63 and 0.85/0.68). Yet the Liverpool hotel still obtains a slightly higher loading for Affective Commitment, which suggests that Empathy is probably the more important virtue to improve on, although to obtain much higher loadings on Affective Commitment the example of Country hotel shows that all the virtues will have to be improved.
7.4.3 Law firms

All path coefficients are significant except OCB-Organisational Virtues and Corporate Citizenship-Organisational Virtues.

7.4.4 Commentary on the Law firms

The Law firms do not fit the model in that neither the path coefficients from Corporate Citizenship or OCB respectively to Organisational Virtues are significant (p=0.05). Moreover the path coefficient from Corporate Citizenship is a mere 0.00! The path
coefficient from Transformational Leadership to Organisational Virtues is high at 0.72 and the path coefficient from the Organisational Virtues to Affective Commitment is 0.65.

The lack of significance for the OCB path estimate may reflect the fact that as already explained in section 4.3.1 lawyers work quite independently of each other.

The non-existent correlation between Corporate Citizenship and the Organisational Virtues may be understood when I consider first that the law firms have the lowest factor scores of all the organisations for Legal Corporate Citizenship (0.5 for Law firm 1 and 0.3 for Law firm 2). One of the lawyers interviewed at Law firm 2 said that in her opinion the ‘negative image of lawyers’ (NEWSBRIEF (2009)) is well founded - lawyers see their job as getting around the law and this may on occasions mean ‘flying a bit close to the wall’ (2 years PQE, male, mid-20s, Law firm 2); in the same vein one of the partners confessed that lawyers can take a loose approach towards situations involving conflicts of interest between clients (equity partner, male, late 40s, Law firm 2).

Secondly, there prevails an attitude of cynicism about corporate social responsibility initiatives. For example a solicitor at Law firm 1 referring to the donations the firm made to a charity stated that the firm ‘support the charity because it brings in work’ and ‘it’s all about marketing’ (4/5 years PQE, male, early 30s). And the same opinion was expressed by a partner at Law firm 2: ‘the clients like to see this kind of thing so we do it...’ (salaried partner, male, mid-40s, Law firm 2).

In Law firm 2 the topic of the low factor loading for Ethics (Corporate Citizenship) despite the fact that the firm had some impressive Corporate Social Responsibility (“CSR”)
programmes in place was discussed at length. These are relevant extracts from the interviews:

‘... I don't do it because I don't see the connection. So the firm reports that it invests so much money on the community calculated as numbers of hours per employee dedicated to CSR multiplied by the chargeable fee per hour; in other words, on the assumption that they could have charged that to the client. Now, that does not make sense. I would rather they employed people to be specialists on CSR and they would do a much better job...There are some people who are really into it. But I am not. I am sure that there are many people who do many CSR type things outside work and don’t need to bring it into work. It is only because the firm uses it for publicity that the firm considers it important.’ (Assistant solicitor, late 20s, male, Property department).

‘...Perhaps the discontinuity between Ethics and Altruism is also explained by the fact that Altruism breeds cynicism, as the firm promotes such activities in a self-interested manner, ultimately caring little about the well-being of its people or the beneficiaries.... Let me tell you a little story about altruism. For the office party they flew us all to Barcelona and put us in a cruiseship. They told us all about our contribution to the carbon footprint and how green we were and how much we had done for society. Then they set off the engines and took us to Cannes and back. Imagine what people were talking about all the trip....!’ (salaried partner, mid-40s, male, Property department).
’I let my team members do this kind of stuff but it comes at a cost of time and they have to get the work done. The problem is that people may be doing it because it’s been added as an appraisal score, another box they have to tick…. I just feel that people need to have the right balance for their own well being. I say to people, ‘fine you do it if you want to, but make sure the work gets done on time’. Clients sometimes ask about that sort of stuff, but then they want the job done on time.’

(equity partner, late 40s, male, Finance department).

Using a MacIntyrian approach, I interpret those comments as follows:

- The fact that time spent on CSR is ‘valued’ at the rate of lawyers’ hourly rate for legal work and that participation in CSR activities is included in employee appraisals of their professional performance, suggests that the firm treats it as an internal good of the practice. As such it should be performed to the standard of ‘excellence’.

- Yet, the episode of the cruiseship suggests that unlike legal activities, CSR activities are not measured by the standard of excellence. They are basically external goods of the practice used, for example, as a marketing tool.

I may conclude from this limited evidence that there is some confusion in Law firm 2 as to the status of CSR activities (internal/external goods) in the organisational narrative, and that this results in cynicism with consequent harm to the organisation moral identity.

I shall now examine the SEM charts for each firm. It must be recalled that there was a significant gap between the scores of Law firm 2 (higher) and Law firm 1 (lower) (Table 4.15). Also although they are both the same type of organisation they are different in two
important respects. Law firm 1’s workload is 50% non-commercial against 10% for Law firm 2; and more importantly Law firm 2 is the regional branch of an international firm and its employees answer to both the regional branch’s management and functional heads that may be located in other branches.

7.4.4.1 Law firm 1

The path coefficient from Transformational leadership to Organisational Virtues is high at 0.77. The extent to which the leaders are referential at this firm for the generation of the
Organisational Virtues came forth very clearly in the conversations with the employees which revolved untiringly around the personality of the four equity partners (e.g., they ‘come up with all these firm values and they forget that the mission is to be put into practice and not only talked about’; they ‘micro-manage everything’). This is not surprising for two reasons:

First because it is a relatively small firm where the figures of the senior leaders are prominent and second because the firm was undergoing a period of uncertainty and flux as a result of the decisions of those partners to change the strategic direction of the firm (to focus more on commercial work) and the changes were proving quite unsettling to the point that they were undermining the relationship between the different units of the firm (‘the lawyers in the other department have a chip on their shoulders...’; [the other department] ‘is like another business’).

This firm has one of the lowest scores overall (Table 4-17); in particular, the mean score for Transformational Leadership is a mere (3.06). So perhaps if management were to focus on improving the Transformational Leadership behaviours they would increase the Affective Commitment (see section 4.5.1). They could start by improving Intellectual Stimulation and Contingent Reward which have the lowest path loadings.

There were a number of comments in the interviews especially about Contingent Reward, for example concerning the fact that the annual employee reviews were ‘a joke’ (solicitor, late 20s, female), not properly run if run at all. Also the head of office administration (mid-40s, male) explained that there were ‘effectively four departments with four different pay and incentive structures’ something which risked creating resentment and was making
some people frustrated. An improvement in Contingent Reward might lead to an increase in the virtue of Conscientiousness.

The lack of intellectual stimulation was felt most acutely in the Personal Injury department where a lot of the work was routine and where the salary partners ‘kept all the interesting work’ (various including legal executive, mid 30s). The firm’s managing partner has now agreed to review the distribution of work in this department which may have a positive effect on Zeal. However also in the commercial department one of the lawyers complained that the partners were not investing in legal resources such as specialist books and this made their work very difficult. Such investments might have a positive effect on Conscientiousness.

Finally an improvement in Individualised Support and Role Modelling might increase perceptions of Empathy and Warmth, thus counteracting the possibly negative effect on trust of Intellectual Stimulation (Mackenzie et al, 2000). The low scores for Warmth seems to be of particular concern because although many of the employees thought the firm ‘friendly’ they considered management to be too ‘secretive’.
As in Law firm 1, the path coefficients from OCB and Corporate Citizenship to Organisational Virtues are not significant. The path coefficient from Transformational Leadership to Organisational Virtues is lower than in Law firm 1 (0.62/0.77). In the interviews reference was made to the fact that most teams were managed not by the local senior leaders but by *functional heads at national level* (salaried partner, mid-40s, male, Property department), that centralization at national level was *eroding the authority of the local senior partner* (equity partner, late 40s, male, Finance department) and also that there
were many integrative initiatives with other branches and especially with the London HQ (for example exchange of lawyers for periods of time) (solicitor, mid 20s, female, Finance department).

It would seem that what Zeughauser (2008) calls ‘successful geographic expansion’ consisting in managing the work across offices on a national basis to maximise efficiencies and increase cost competitiveness, is a reality in Law firm 2. The downside is that (notwithstanding that the local leaders are ‘very approachable’) this situation makes it more difficult for the local senior managers to generate Organisational Virtues across the office. As the equity partner from the Finance department put it the existence of functional heads who dictate policy for each department make ‘it more difficult to gain a sense of empathy or warmth across the firm’; and this in turn has a negative effect on Affective Commitment.

Another factor is the complex picture that results from the fact that, according to the senior partner of the firm, at the time of the surveys there were some departments that were working well (e.g., Corporate department) and others that were having management issues and where people were quite unsettled (Property and Reinsurance departments). This may reflect the impact of the issues highlighted by NEWSBRIEFS, 2009 (briefly outlined in section 4.3.1) which were expected to have negative effects on affective commitment and may offer an additional explanation as to why the path from the organisational virtues to affective commitment is relatively low.

A glance at the chart shows that the factor loadings of Zeal and Conscientiousness are (much as in Law firm 1 and lawyers are meant to be hard-working!) low (0.31 and 0.54).
Regarding Zeal, the Equity partner from the Finance department explained that the downside of working for an international law firm is that client relationships are more political (since various offices may have existing relationships with the client) and there is increased bureaucratisation to get approval for marketing budgets for example, the overall effect being to make client relationship management less interesting (i.e. lacking Zeal). The low loadings in Zeal could also reflect the situation of unhappiness experienced by some of the departments due to the progressive standardisation of their work (for example, the reinsurance department or the debt collection department). The solution to these issues may require a change in organisational processes.

Regarding Conscientiousness the solution may be along the same lines as in Law firm 1, that is by improving leadership behaviours, for example Intellectual Stimulation which has a very low loading of 0.24.

Notwithstanding those issues it must be noted that this Law firm has the third highest score in Affective Commitment (Table 4-17) amongst all the organisations.

7.4.5 Timeshare HQ and Dairy

In Section 4.5.3 I suggested that these two organisations contained some distinctive characteristics. Now I am in a position to carry out a more detailed examination.

7.4.5.1 Timeshare HQ
I chose to keep this company separate from the hotels even though it belongs in the same sector (travel and tourism) by arguing that it was different from an operational and HR perspective (see section 4.4.2). The path estimates for OCB and Corporate Citizenship to Organisational Virtues are stronger than in Law firms but lower than in Hotels (0.18 and 0.2) and only significant at 0.06. The path estimate from Transformational Leadership to Organisational Virtues is 0.6. Organisational Virtues’ path estimate to Affective Commitment is 0.71.
There are two Organisational Virtues that could be improved: Zeal (0.52) and Empathy (0.72). The following comments from some of the non-management staff may help explain the low loading of Zeal: ‘there is a lack of ambition [on the part of management], people are drugged up’; ‘no cross-departmental training initiatives are set up’; ‘people work in silos’. The lack of Empathy may reflect the following comments: the senior managers ‘don’t seem to care’ and ‘don’t even bother to say good morning’ (non-managerial, mid-30s, male, debt recovery department); and ‘either I comply [strictly with the orders of the worldwide head quarters] or it’s my job that goes’ (head of the office, mid 40s, male). Improving Individualised Support (0.5) and Intellectual Stimulation (0.55) may directly address these concerns. It might also have a positive effect on Conscientiousness (OCB) (0.36).

I explained in section 4.4.3 that the turnover of employees was very high. Yet the average tenure of my sample (2.5 years with positive skew) and average age of 30 suggests that I have captured a good number of middle to long term employees. On the other hand the actual score for Affective Commitment (Table 4-17) is quite low notwithstanding the relatively high path estimate from Organisational Virtues (0.71) and the high score of the Organisational Virtues (Table 4-17). How do I explain this?

One possible explanation is that I have captured the older group of employees as indeed the head of HR mentioned that the average age of the employees was rather younger (24). In section 6.3.1 (footnote 17), I reported the finding from Meyer et al (1993) that affective commitment was negatively correlated with age, whilst the opposite obtained for continuance commitment. So it may be that a number of the respondents have little affective commitment yet choose to stay in the organisation. Perhaps it is the fact that there are few alternative jobs in their country of origin or Ireland or that they are uncertain as to
where they might go. For example a male employee from the finance department in his mid-30s complained to me that the organisation offered no opportunities for progression. When I took this to the head of marketing (late 40s, male, non Irish European) he said that ‘the opportunities are there for those who dare’, pointed out that there was a job catalogue in the organisation’s website and that it was necessary to be prepared to move around and take on new jobs to go up. His view was that many of the employees ‘are too passive and want someone to tell them what to do’.

A more complex possibility is that the affective commitment of the respondents to the organisation is tied up with their affective commitment to Ireland as suggested in section 4.4.2. Introducing some Philanthropic initiatives such as work with local schools may help increase commitment to Ireland (and increase the significance of Corporate Citizenship).

The organisation would also do well to look into whether the non-significance (0.06) of OCB is the result of uneven patterns of management practices across the organisation which may reflect for example the complex nationality mix of employees and managers, or whether it simply reflects the variety of departments and the different levels of task interdependencies generated by them.
Dairy is the only non-service organisation and therefore it is expected to differ from the other organisations in the sample.

The OCB – Organisational Virtues path estimate (0.22) is marginally not significant (0.06). This probably reflects the nature of this organisation consisting in a mixture of separate units with distinct levels of work interdependencies (manufacturing versus distribution, see section 4.4.4). The path estimate from Corporate Citizenship is definitely not significant and very low (0.04) which probably reflects the high focus on cost efficiencies even at the
expense of people’s well-being. The path estimate from Transformational Leadership to Organisational Virtues is a generous (0.67) and that from Organisational Virtues to Affective Commitment 0.58.

The reason why the path estimate to Affective Commitment is low compared to the other organisations may be because as I explained in section 4.4.4 many of the employees see this as ‘a job to retirement’, in other words have continuance commitment.

In terms of what management could do to improve Affective Commitment clearly some of the Organisational Virtues could be improved. First is Warmth and for this the most direct means might be to spend some more money in maintaining better the hubs and on some basic employee benefits. Empathy could also be improved and here one needs to question whether a relationship with the staff based on ‘ruthlessness’ is really necessary (see section 4.4.4). Admittedly the fact that some employees work on the basis of continuance commitment (for a low pay) complicates the management picture, but there is evidently still an important element of Affective Commitment (0.58 path estimate) that must be fostered.

Finally I mentioned in section 4.4.4 that the manufacturing operation should adopt a more proactive form of management and that this might have a positive impact on the virtue of Zeal (0.6).

Looking at the leadership behaviours, improving Contingent Reward (0.60) and Individualised Support (0.5) would probably translate into an improvement of Warmth and Empathy. Improving intellectual stimulation (0.55) would probably improve Zeal.

7.4.6 Conclusion
I may summarise the findings as follows:
The SEM of the theoretical model (Fig. 7-5) offers good fit indices and supports all the hypotheses listed in section 2.7.

The SEM for the Hotels once the casual staff is factored out also supports all the hypotheses listed in section 2.7. Empathy may be the Organisational Virtue most likely to deliver the greatest increase in Affective Commitment.

The SEM for the Law firms does not support the hypothesised links from OCB and Corporate Citizenship to Organisational Virtues. I have suggested that the first may fail because of the independent nature of lawyers and the second because the practice of CSR is not conducted in a virtuous manner. The geographic expansion of large law firms (as in Law firm 2) may also undermine the ability of the leaders to generate Organisational Virtues. These issues may reflect aspects of the debate between the Exchange theories of leadership and the Post modern approaches to leadership briefly discussed in section 2.4.2.

The SEM for Timeshare HQ probably support the hypotheses listed in section 2.7, although the links from OCB and Corporate Citizenship to Organisational Virtues are slightly above the significance level of 0.05 (at 0.06). This shows that this organisation bears strong parallels with the Hotels. Yet this organisation also faces very particular problems resulting from the fact that many of its staff is made up of foreigners whose commitment to the organisation may be tied to their commitment to Ireland.

The SEM for Dairy probably supports all the hypotheses listed in section 2.7 except the link between Corporate Citizenship and Organisational Virtues [although the link OCB-Organisational Virtues is slightly above the significance level of 0.05 (0.06)]. As with Timeshare HQ there is a complexity in this organisation resulting from the fact that
many of its employees seem to operate on the basis of continuance commitment and there is little willingness on the part of either the staff or the leadership to change this.

7.5 Comparative analysis across groups

Hotels:

Database $\chi^2$ 325.4 df 130: GFI (0.872), CFI (0.939), RMSEA (0.079), HOELTER

n=244 (at 0.1) (128).

Law Firms:

Database $\chi^2$ 317.7 df 130: GFI (0.847), CFI (0.910), RMSEA (0.082), HOELTER

n=216 (at 0.1) (116).

Dairy:

Database $\chi^2$ 221.6 df 130: GFI (0.759), CFI (0.899), RMSEA (0.099), HOELTER

n=74 (at 0.1) (56).

On a loose cross-validation basis Hotels and Law Firms database seem to cross-validate.

Dairy does not. A multiple model analysis for Hotels and Law Firms on a metric invariance basis turns out the following information:
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**Table 7-3: Conjoint Model Hotels and Law**

The last column indicates the critical values of the chi-square distribution for the various degrees of freedom indicated for $\alpha=0.001$ (upper side test). I shall reject the test statistic if
the chi square for the conjoint model exceeds the critical value. It seems that both the 
constraining of the residuals and the constraining of the structural weights, but not the 
constraining of the Measurement Weights, worsen the chi-square statistic. From this I may 
conclude that the two databases although not identical share some degree of similarity. 
Since the regression weight between the latent variable of affective commitment and the 
dimension of affective commitment is 1 it is possible to draw a direct path between 
Organisational Virtues and the aforesaid dimension without significant alteration to the 
output. The affective commitment dimension then becomes a dimension (measurement) of 
Organisational Virtues and it follows that the difference of the path coefficients for 
Organisational Virtue-Affective Commitment between the Hotel and Law databases (see 
Table 7.5) is also non-significant.

I shall now carry out the same exercise with the Dairy database against the Law database. 
On a loose cross-validation basis the Law database comes closer to Dairy than the Hotel 
database that is why I shall compare these two only. Note that the significant difference in 
sizes between the two databases is likely to impact the reliability of the results.
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<td></td>
</tr>
<tr>
<td>Measurement Weights</td>
<td>648.7</td>
<td>274</td>
<td>.814</td>
<td>.898</td>
<td>0.062</td>
<td>108.6</td>
<td>14</td>
<td>36</td>
</tr>
<tr>
<td>Structural Weights</td>
<td>690.4</td>
<td>279</td>
<td>.813</td>
<td>.898</td>
<td>0.061</td>
<td>150.3</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>Structural Residuals</td>
<td>712.4</td>
<td>283</td>
<td>.807</td>
<td>.896</td>
<td>0.062</td>
<td>172.3</td>
<td>23</td>
<td>18</td>
</tr>
<tr>
<td>Measurement Residuals</td>
<td>738.2</td>
<td>301</td>
<td>.795</td>
<td>.891</td>
<td>0.061</td>
<td>198.1</td>
<td>41</td>
<td>42</td>
</tr>
</tbody>
</table>

**Table 7-4:** Conjoint Model Dairy and Law

In all cases the upper side test is not met. According the test statistic must be rejected and I must conclude that Dairy is significantly different from the Law database.
I now turn to the correlation Organisational Virtues – Affective Commitment since it follows from the analysis in Tables 7-3 and 7-4 that it must be not significantly different between Law and Hotels and significantly different for Dairy.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>0.66</td>
</tr>
<tr>
<td>Hotels*</td>
<td>0.67</td>
</tr>
<tr>
<td>Law firms</td>
<td>0.65</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0.58</td>
</tr>
</tbody>
</table>

* Excluding Timeshare HQ (due to its unique features)

Table 7-5: Path Coefficients between Organisational Virtues-Affective Commitment by Sector

The size of the coefficients in the Hotels and Law firms support the findings from the conjoint model analysis. This makes sense on the basis that the affective element is an intrinsic part of the customer relationship in the service sector - following the old adage employees *cannot give* to customers *what they do not have*. Not surprisingly affective commitment is shown to play a greater role in the relation between employees and the organisation in the service sector than in manufacturing.

I shall now turn to the correlations between the Organizational Virtues (meaning the modified Virtue Ethical Character Scale of Chun (2005)) and its antecedents.
<table>
<thead>
<tr>
<th></th>
<th>Transf. Leadership</th>
<th>OCB</th>
<th>Corporate Citizenship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>0.61</td>
<td>0.10</td>
<td>0.21</td>
</tr>
<tr>
<td>Hotels</td>
<td>0.48</td>
<td>0.16</td>
<td>0.32</td>
</tr>
<tr>
<td>Law firms</td>
<td>0.72</td>
<td>0.11</td>
<td>0</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0.67</td>
<td>0.22</td>
<td>0.04</td>
</tr>
</tbody>
</table>

* Excluding Timeshare HQ (due to its unique features)

**Table 7-6: Path coefficients to Organisational Virtues by Sector**

The strongest coefficient for ‘Total’ corresponds to the path from Transformational Leadership. Whilst previous studies have emphasised the link between transformational leadership and affective commitment (Park and Rainey, 2007, Barling et al., 1996), this study points to the intermediary role of the organisational virtues as represented by the modified Chun (2005) Virtue Ethical Character Scale. The strength of the correlation between Organisational Virtues and Transformational Leadership confirms the proposition contained in Section 2.4.4 that Transformational Leadership has the key role in the process of creating and recreating the Organisational Virtues by guiding the sensemaking process and imbuing the organisational members with the emotional reinforcement for integrating the virtues in their own self-concept.

The other two variables have a smaller but still notable path coefficient to the Organisational Virtues. From a theoretical perspective these two correlations are important
for the reasons given in Chapter 2 such as the fact that they support the role of the other members (through ‘OCB’) on the creation of the Organisational Virtues pursuant to social learning theory (Bandura, 1977) (section 2.4.4); and also lend support to the argument derived from MacIntyre (2007) (e.g., Ch. 15, e.g. p. 218) that the narrative of the virtues must be intelligible and accountable to the community (Corporate Citizenship) (section 2.1).

How the specific coefficients play out in each particular sector responds to complex dynamics that were analysed in some detail in Chapters 4 and 7. The case studies carried out in section 7.4 illustrate how the model may be applied as a diagnostic tool.
I set out at the beginning of this thesis to test the proposition that the organisational virtues (measured through the Chun (2005) Virtue Ethical Character Scale) intermediate individual (leadership) and group level constructs (organisational citizenship behaviours, corporate citizenship) to foster intrinsic motivation through a focus on eudemonia (measured as affective commitment). The first contribution of this thesis is the empirical testing of the model in Section 7.3.1.

The positive fit scores of the model justify the selection of the antecedents and outcomes of organisational virtue in Section 2.2.6 and the measurement scales chosen, and this can be considered a further contribution of this study.

The first part of the study concerned the conceptualisation of ‘organisational virtue’. Whilst a number of authors have ventured scales of organisational virtue using empirical methods, the tendency has been to assimilate ‘virtue’ to a broad concept of ‘positive quality’ along the lines of the ‘Positive Organisational Scholarship’ literature. Although this does not deprive such scales of value as records of the views of managers or other members on what they consider to be the most important positive qualities of an organisation - in Chun (2005) as if the organisation were a ‘person’ – the lack of definitional precision can give rise to a variety of problems.

For instance the emergence of potential clashes amongst the virtues as was the case with Courage (Section 7.2.2). Growth in Courage may come at the expense of growth in overall
virtuousness since the goal of Courage and of the other virtues are antithetic (Section 2.2.4). Another problem is that some of the variables may have doubtful claim to virtue, being closer in nature to character traits or sentiments (as may be the case with traits of Zeal, see Section 2.2.5). This confusion could result in a loss of analytical insight with strategic implications. The question whether a particular employee is ‘zealous’ (exciting, imaginative, innovative, spirited) - should it be read as meaning that the person could become zealous through effort and training or that he or she has a personal aptitude for a specific job, e.g., sales? The answer to this question will determine whether the company should put its energies into turning around non zealous people or focus instead on selecting zealous people (and possibly disposing of the current non-zealous work-force). As discussed in Section 2.2.5 the dividing line between virtue and aptitude is thin, which is all the more reason to develop a strong theoretical framework ahead of developing scales. The lack of clear guiding principles can also result in the accumulation of virtues that add little informational value. This was evident in the dimension of ‘Warmth’ (see Sections 2.2.5 and 7.2.2), which arguably became a receptacle for virtues that might be fitted in other dimensions increasing scale parsimony. The exploration of these issues in the context (although not exclusively) of the Ethical Virtue Character Scale may be considered a further contribution of this study.

The above problems might be averted through the adoption of a clear philosophical definition of virtue and I have argued strongly in Section 2.2.4 in favour of the Aristotelian tradition as reinterpreted by MacIntyre. In this tradition the end as eudemonia is intrinsic to the virtues. In the utilitarian tradition, by contrast, the end is external to the virtues (e.g., money) so that the virtues have no normative content (Section 2.2.4).
I have placed attention on both the normative (Section 2.2.1) and social/psychological aspects (Section 2.2.3) of organisational virtues. Regarding the latter I propose a working definition of organisational virtues as ‘causal forces’ that act over the intent and emotions of the current generation of members through *eudemonia* giving a sense of unity to the organisation *in action* whilst suffering none of the shortcomings of rigid uniformity. I have emphasised the nature of organisational virtues as specifications of the organisational narrative (Section 2.2.3), their social-constructionist origin and the real nature of their causal effects. This definitional work, although in its nascent phase, may be considered a further contribution.

I have adopted affective commitment as a measure of *eudemonia* for the reasons given in Sections 2.2.3 and 2.2.6. The embodiment of this heavily-layered philosophical concept into an organisational behaviour construct is another daring contribution. I believe the theoretical arguments presented and the positive results of the empirical study validate this choice.

It would be interesting in a future study to compare ‘organisational identification’ with affective commitment as measurement of ‘eudemonia’. These constructs are quite similar though not identical (Ashforth et al., 2008). Organisational identification derives from social psychology whilst affective commitment belongs in organisational behaviour. Affective commitment appears to give greater weight to personal agency, which is why I prefer it. However, organisational identification with its narrower focus may segregate more clearly those employees who share in the organisational virtues from those who do not.
An area that requires further work is the empirical measurement of ‘practical wisdom’. In section 2.1 I associated it only with the leadership trait of ‘Intellectual Stimulation’.

Similarly the proposition that the pursuit of the internal goods must be to the standard of ‘excellence’ (section 2.1) may have been stumped by the elimination of ‘High Expectations’ from the final model. A more detailed study into the nature of ‘practical wisdom’ and ‘excellence’ would support their empirical measurement through their association with a range of other items within and without the model.

An interesting issue that has not been addressed is the distinction between virtue and vice and whether alongside a scale of virtues we should also have vices. If virtue must satisfy the test of prioritising the pursuit of internal over external goods and being intelligible and accountable to the community, vices will be present when any of these conditions is not satisfied. Is there any point in listing vices alongside virtues?

Where virtue and vice present different sides of a single evaluation the answer to this question must be no (except to measure score consistency): a very low score to the question whether the organisation is ‘honest’ (virtue) implies that the organisation is ‘dishonest’ (vice). However where the virtues have more descriptive than evaluative content so that their categorisation as virtue or vice depends on the nature of their object (Section 2.2.5) a dyad virtue/vice may have a useful interpretative role helping overcome ambiguity. For example the dyad ‘aspirational / greedy’ may be used alongside (or as substitute for) ‘achievement-oriented’ (within Courage); if the organisation is not greedy and it is aspirational, this offers grounds to interpret a high score for achievement-oriented in a more Aristotelian/less utilitarian manner.
As far as I am aware this is the first empirical study on the application of the organisational virtues (in the form of the Ethical Character Virtue Scale) to the internal workings of the organisation. I hope it will open up a fertile avenue for future studies.
**Appendix 1: QUESTIONNAIRE (HOTELS SAMPLE)**

*Research into Leadership and Virtues in Organisations*

**Felix Martin**  
Doctoral Researcher  
Manchester Business School  
Email: Felix.Martin@postgrad.mbs.ac.uk  
Tel: 0161 224 2582

*This research project is carried out as part of a doctoral dissertation. This survey is anonymous and confidential. Individual response will not be associated with results. The results of the data will be used only for academic purposes.*

**Section I: Background**

**Please tell us about yourself** (circle or complete as appropriate)

<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Gender:</td>
<td>a. Female</td>
</tr>
<tr>
<td></td>
<td>b. Male</td>
</tr>
<tr>
<td>2  Educational level (indicate highest qualification obtained):</td>
<td>a. GCSE or equivalent</td>
</tr>
<tr>
<td></td>
<td>b. A-Levels or equivalent</td>
</tr>
<tr>
<td></td>
<td>c. First Degree or equivalent</td>
</tr>
<tr>
<td></td>
<td>d. Higher Degree or Professional Qualification</td>
</tr>
<tr>
<td>3  What year were you born?</td>
<td>_____________________________________________</td>
</tr>
<tr>
<td>4  What is your nationality?</td>
<td>_____________________________________________</td>
</tr>
<tr>
<td>5  Functional Area:</td>
<td>a. Housekeeping</td>
</tr>
<tr>
<td></td>
<td>b. Front Office</td>
</tr>
<tr>
<td></td>
<td>c. Food and Beverages</td>
</tr>
<tr>
<td></td>
<td>d. Sales and Marketing</td>
</tr>
<tr>
<td></td>
<td>e. Maintenance/security</td>
</tr>
<tr>
<td></td>
<td>f. Administration</td>
</tr>
<tr>
<td>6  Type of Role:</td>
<td>a. Team Member</td>
</tr>
<tr>
<td></td>
<td>b. Supervisor/shift leader</td>
</tr>
<tr>
<td></td>
<td>c. Management</td>
</tr>
<tr>
<td></td>
<td>d. Senior Management</td>
</tr>
<tr>
<td>7  How long have you worked in this organisation?</td>
<td>_____________________________________________</td>
</tr>
<tr>
<td>8  On what basis are you employed?</td>
<td>a. Full time</td>
</tr>
<tr>
<td></td>
<td>b. Part time</td>
</tr>
</tbody>
</table>
### Section II: Virtue Character

“**If your organisation came to life as a person, would it be friendly?**” Rate each item: 1 (strongly disagree) to 5 (strongly agree).

<table>
<thead>
<tr>
<th>If my organisation came to life as a person it would be…</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Achievement-oriented</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2  Ambitious</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3  Competent</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4  Concerned</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5  Exciting</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6  Friendly</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7  Hardworking</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>8  Honest</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>9  Imaginative</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>10 Innovative</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>11 Leading</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>12 Open</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>13 Pleasant</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>14 Proud</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>15 Reassuring</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>16 Reliable</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>17 Secure</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>18 Sincere</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>19 Socially responsible</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>20 Spirited</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>21 Straightforward</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>22 Supportive</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>23 Sympathetic</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>24 Trustworthy</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
## Section III: Organisational Citizenship Behaviour

“How would you describe your typical colleague?” Rate each item: 1 (strongly disagree) to 5 (strongly agree).

<table>
<thead>
<tr>
<th>My typical colleague in my organisation…</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Is willing to sacrifice personal interests for the organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2 Does not take extra breaks</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3 Obeys company rules and regulations even when no one is watching</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4 Believes in giving one honest day’s work for an honest day’s pay</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5 Consumes a lot of time complaining about matters</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6 Always focuses on what’s wrong, rather than the positive side</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7 Tends to make ‘mountains out of molehills’</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>8 Always finds fault with what the organisation is doing</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>9 Attends meetings that are not mandatory, but are considered important</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>10 Attend functions that are not required, but help the company image</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>11 Keeps abreast of changes in the organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>12 Reads and keeps up with organisation announcements, memos, etc</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>13 Takes steps to try to prevent problems with other workers</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>14 Is mindful of how his/her behaviour affects other peoples' jobs</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>15 Does not abuse the rights of others</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>16 Tries to avoid creating problems for co-workers</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>17 Considers the impact of his/her actions on co-workers</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>18 Helps others who have been absent</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>19 Willingly helps others who have work related problems</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>20 Helps orient new people even though it is not required</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>21 Is always ready to lend a helping hand to those around him/her</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>22 Congratulates others on their achievement</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
## Section IV: Leadership

“How would you describe the senior managers in your organisation?” Rate each item: 1 (strongly disagree) to 5 (strongly agree).

<table>
<thead>
<tr>
<th>The senior managers in my organisation …</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Have a clear understanding of where we are going</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2 Paint an interesting picture of the future for the organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3 Are always seeking new opportunities for the organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4 Inspire others with their plans for the future</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5 Are able to get others committed to their dream</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6 Lead by 'doing' rather than simply by 'telling'</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7 Provide a good role model for me to follow</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>8 Lead by example</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>9 Foster collaboration among work groups</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>10 Encourage employees to be 'team players'</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>11 Get work groups to work together for the same goal</td>
<td>1</td>
<td>2</td>
<td>3</td>
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<tr>
<td>12 Develop a team attitude and spirit among employees</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<tr>
<td>13 Show us that they expect a lot from us</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>14 Insist on only the best performance</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
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</tr>
<tr>
<td>15 Will not settle for second best</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>16 Act without considering employees' feelings</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>17 Show respect for employees' personal feelings</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
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<tr>
<td>18 Behave in a manner thoughtful of employees' personal needs</td>
<td>1</td>
<td>2</td>
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<td>19 Treat employees without considering employees' personal feelings</td>
<td>1</td>
<td>2</td>
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<tr>
<td>20 Challenge me to think about old problems in new ways</td>
<td>1</td>
<td>2</td>
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<td>4</td>
<td>5</td>
</tr>
<tr>
<td>21 Ask questions that prompt me to think</td>
<td>1</td>
<td>2</td>
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<td>4</td>
<td>5</td>
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<tr>
<td>22 Have stimulated me to rethink the way I do things</td>
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<td>2</td>
<td>3</td>
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<td>5</td>
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<tr>
<td>23 Have ideas that have challenged me to re-examine some of the basic assumptions about my work</td>
<td>1</td>
<td>2</td>
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<td>4</td>
<td>5</td>
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<tr>
<td>24 Always give employees positive feedback when they perform well</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>25 Give special recognition when work is very good</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<tr>
<td>26 Commend employees when they do better than an average job</td>
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<td>2</td>
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<td>4</td>
<td>5</td>
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<tr>
<td>27 Personally compliment employees when they do outstanding work</td>
<td>1</td>
<td>2</td>
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</tbody>
</table>
Section V: Commitment

Please circle an appropriate number for each statement: 1 (strongly disagree) to 5 (strongly agree)

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<thead>
<tr>
<th></th>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
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<tbody>
<tr>
<td>1</td>
<td>I would be very happy to spend the rest of my career with this organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
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<td>5</td>
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<tr>
<td>2</td>
<td>I enjoy discussing my organization with people outside it</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>I really feel as if this organisation's problems are my own</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>I do not feel like 'part of the family' at my organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>The bond between my organization and me are very strong</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>This organisation has a great deal of personal meaning for me</td>
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<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>I do not feel a strong sense of belonging to my organization</td>
<td>1</td>
<td>2</td>
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</tr>
<tr>
<td>8</td>
<td>It would be very hard for me to leave my organisation right now, even if I wanted to</td>
<td>1</td>
<td>2</td>
<td>3</td>
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<td>5</td>
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<tr>
<td>9</td>
<td>My life would be too disrupted if I decided I wanted to leave my organisation now</td>
<td>1</td>
<td>2</td>
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<td>5</td>
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<tr>
<td>10</td>
<td>Right now, staying with my organisation is a matter of necessity as much as desire</td>
<td>1</td>
<td>2</td>
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<tr>
<td>11</td>
<td>I have too few options to consider leaving this organisation</td>
<td>1</td>
<td>2</td>
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<tr>
<td>12</td>
<td>One of the few serious consequences of leaving this organisation would be the scarcity of available alternatives</td>
<td>1</td>
<td>2</td>
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<tr>
<td>13</td>
<td>Leaving would entail great personal sacrifice - another organization may not match the overall benefits I have here</td>
<td>1</td>
<td>2</td>
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</table>
### Section VI: Corporate Citizenship

**“Please rate how each statement describe your organisation’s citizenship”:** 1 (strongly disagree) to 5 (strongly agree).

<table>
<thead>
<tr>
<th>My organisation…</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Strives to maximise profits</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2 Controls operating/production costs strictly</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3 Always strives to improve economic performance</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4 Plans for its long term success</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5 Ensures that its employees act within the standards defined by the law</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6 Refrains from putting aside its contractual obligations</td>
<td>1</td>
<td>2</td>
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<td>5</td>
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<tr>
<td>7 Refrains from bending the law even if this helps improve performance</td>
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<td>5</td>
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<tr>
<td>8 Always submits to the principles defined by the regulatory system</td>
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<tr>
<td>9 Permits ethical concerns to negatively affect economic performance</td>
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<td>2</td>
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<tr>
<td>10 Ensure that the respect of ethical principles has priority over economic performance</td>
<td>1</td>
<td>2</td>
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<td>5</td>
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<tr>
<td>11 Is committed to well-defined ethics principles</td>
<td>1</td>
<td>2</td>
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<td>4</td>
<td>5</td>
</tr>
<tr>
<td>12 Avoids compromising ethical standards in order to achieve corporate goals</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>13 Helps solve social problems</td>
<td>1</td>
<td>2</td>
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<td>4</td>
<td>5</td>
</tr>
<tr>
<td>14 Participate in the management of public affairs</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>15 Allocate some resources to philanthropic/charitable activities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>16 Play a role in our society beyond the mere generation of profits</td>
<td>1</td>
<td>2</td>
<td>3</td>
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<td>5</td>
</tr>
</tbody>
</table>

**NB** For the organisations other than the hotels the same questionnaire was used except that the section relating to Functional Area and Role may have been adapted to suit the specific requirements of the organisation.
Appendix 2: STRUCTURED QUALITATIVE INTERVIEWS

MATERIALS
These questions are based on the results of research at Law Firm 2 and Law firm 1 (see following pages for summary Graphs).

**Organisational Virtues**

Courage obtains the highest scores in legal firms. Why do you think this is so? How is it shown, day to day?

How is it related to Conscientiousness (which is a close second)?

Would you say that Courage and Conscientiousness are somewhat opposed to Warmth or Empathy?

And how do they relate to Zeal or Integrity?

**Leadership**

The top score for leadership traits in legal firms corresponds to 'Having High Expectations' followed by 'Role Modelling'. In what way do you think of Managers as good Role Models? Would you say that managers are concerned to show with their actions how they expect employees to behave?

Other traits like providing Individualised Attention or Intellectual Stimulation or even Team building score a bit lower. Does this reflect accurately the management style in the legal field?

**Commitment**

Would you say that it is those organisational and leadership traits with the highest scores (as noted above) that make you, as a lawyer, satisfied with your organisation?

What is the legal market in Birmingham like (in terms of job mobility) for lawyers with different levels of qualification? How important for you are the virtues of the firm/leadership traits in your decision whether to stay or move to another firm?
Organisational Citizenship

Ethics scores lower than other dimensions in legal firms. Is this a reflection of the fact that Courage requires a certain amount of ruthlessness, like putting efficiency above employee concerns? Or is it that lawyers have a perception of their profession as somehow pursuing unethical aims?

Team building across departments

At Law Firm 2, the scores for Team Building in the Corporate Finance Department are higher than in the other departments? Does this reflect differences in the nature of the work or is it a reflection of specific leadership styles?

Gender

Would you say that there are differences in commitment or values (e.g., service orientation) between male and female lawyers?
**GRAPHS**

**Graph 1:** Comparison Law firm 2 with Law firm 1 – Organisational Virtuousness, Leadership Traits and Commitment.

**Graph 2:** Comparison Law firm 2 with Law firm 1 – Employee Citizenship Behaviours and Organisational Citizenship
Graph 3: Comparison of the three departments of DLA Piper – Leadership Traits, Team Building

Descriptives
Dependent Variable : LTB
Statistics : Mean

Graph 4: Comparison of staff by sex across various dimensions

Report
Statistics : Mean
Appendix 3: DESCRIPTIVE STATISTICS

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Std. Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
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<td>Statistic</td>
<td>Statistic</td>
<td>Std. Error</td>
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Appendix 4: MEASUREMENT MODEL FOR VIRTUE ETHICAL CHARACTER SCALE

Standardised factor loadings or regression weights, VE and alphas coefficients

<table>
<thead>
<tr>
<th>Organisational Virtues</th>
<th>Conscientiousness</th>
<th>Warmth</th>
<th>Zeal</th>
<th>Courage</th>
<th>Integrity</th>
<th>Empathy</th>
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</tbody>
</table>

| VE         | 0.496 | 0.558 | 0.573 | 0.465 | 0.608 | 0.606 |
| Reliability|       |       |       |       |       |       |
| Coefficient | 0.79  | 0.828 | 0.841 | 0.77  | 0.86  | 0.853 |
Correlations: (Group number 1 - Default model)

<table>
<thead>
<tr>
<th></th>
<th>←→</th>
<th>warmth</th>
<th>Estimate</th>
<th>Squared</th>
</tr>
</thead>
<tbody>
<tr>
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<td>0.872</td>
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<td>warmth</td>
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<td>0.885</td>
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<td>integrity</td>
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<td>integrity</td>
<td>←→</td>
<td>courage</td>
<td>0.629</td>
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<td>zeal</td>
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<td>zeal</td>
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<td>conscientiousness</td>
<td>0.829</td>
<td>0.687</td>
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</table>
Appendix 5: Measurement Model for Leadership

Standardised factor loadings or regression weights, VE and alphas coefficients

<table>
<thead>
<tr>
<th>Item</th>
<th>VISION</th>
<th>HIGH EXPECT'NS</th>
<th>CONTINGT REWARD</th>
<th>INTELL. STIMULAT'N</th>
<th>INDIVIDL. SUPPORT</th>
<th>TEAM WORK</th>
<th>ROLE MODELLING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are able to get others committed to their dream</td>
<td>0.848</td>
<td></td>
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<tr>
<td>Have a clear understanding of where we are going</td>
<td>0.763</td>
<td></td>
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<tr>
<td>Paint an interesting picture of the future for the organization</td>
<td>0.758</td>
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<tr>
<td>Are always seeking new opportunities for the organization</td>
<td>0.76</td>
<td></td>
<td></td>
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<tr>
<td>Inspire others with their plans for the future</td>
<td>0.881</td>
<td></td>
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<tr>
<td>Show us that they expect a lot from us</td>
<td></td>
<td>0.618</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Insist on only the best performance</td>
<td></td>
<td>0.883</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Will not settle for second best</td>
<td></td>
<td>0.719</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Always give employees positive feedback when they perform well</td>
<td></td>
<td></td>
<td>0.866</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Give special recognition when work is very good</td>
<td></td>
<td></td>
<td>0.919</td>
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<tr>
<td>Commend employees when they do better than an average job</td>
<td></td>
<td></td>
<td>0.932</td>
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<tr>
<td>Personally complement employees when their work is very good</td>
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<td></td>
<td>0.918</td>
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<tr>
<td>Challenge me to think about old problems in new ways</td>
<td></td>
<td></td>
<td>0.797</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ask questions that prompt me to think</td>
<td></td>
<td></td>
<td>0.866</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have stimulated me to rethink the way I do things</td>
<td></td>
<td></td>
<td>0.867</td>
<td></td>
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<tr>
<td>Have ideas that have challenged me to re-examine some of the basic assumptions about my work</td>
<td></td>
<td></td>
<td>0.784</td>
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<td></td>
<td></td>
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<tr>
<td>Act without considering employees' feelings</td>
<td></td>
<td></td>
<td>0.399</td>
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<tr>
<td>Show respect for employees' personal feelings</td>
<td></td>
<td></td>
<td>0.822</td>
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<tr>
<td>Behave in a manner thoughtful of employees' personal needs</td>
<td></td>
<td></td>
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<tr>
<td>Treat employees without considering employees' personal feelings</td>
<td></td>
<td></td>
<td>0.245</td>
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<td></td>
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<td></td>
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<tr>
<td>Foster collaboration among work groups</td>
<td></td>
<td></td>
<td>0.77</td>
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<tr>
<td>Encourage employees to be 'team players'</td>
<td></td>
<td></td>
<td>0.853</td>
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<tr>
<td>Get work groups to work together for the same goal</td>
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<td>0.846</td>
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<tr>
<td>Develop a team attitude and spirit among employees</td>
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<td></td>
<td>0.867</td>
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<tr>
<td>Lead by 'doing' rather than simply by 'telling'</td>
<td></td>
<td></td>
<td>0.866</td>
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<tr>
<td>Provide a good role model for me to follow</td>
<td></td>
<td></td>
<td>0.929</td>
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<tr>
<td>Lead by example</td>
<td></td>
<td></td>
<td>0.943</td>
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<tr>
<td>VE</td>
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<td>0.56</td>
<td>0.826</td>
<td>0.688</td>
<td>0.415</td>
<td>0.697</td>
<td>0.834</td>
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<tr>
<td>Reliability</td>
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<td>0.774</td>
<td>0.912</td>
<td>0.898</td>
<td>0.694</td>
<td>0.908</td>
<td>0.936</td>
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## Correlations: (Group number 1 - Default model)

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<td>0.552</td>
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<tr>
<td>high expectation</td>
<td>0.39</td>
<td>0.152</td>
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<tr>
<td>Individualised Support</td>
<td>0.725</td>
<td>0.526</td>
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<tr>
<td>Intellectual Stimulation</td>
<td>0.627</td>
<td>0.393</td>
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<td>Contingent Reward</td>
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<td>High Expectations</td>
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<td>Individualised Support</td>
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<td>High Expectations</td>
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<td>Intellectual Stimulation</td>
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<td>Contingent Reward</td>
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<tr>
<td>Vision</td>
<td>0.863</td>
<td>0.745</td>
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</table>


Appendix 6: MEASUREMENT MODEL FOR OCB

Standardised factor loadings or regression weights, VE and alphas coefficients

<table>
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<tr>
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<th>Courtesy</th>
<th>Civic Virtue</th>
<th>Sportsm.</th>
<th>Conscient.</th>
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</thead>
<tbody>
<tr>
<td>Congratulates others on their achievement</td>
<td>0.723</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Considers the impact of his/her actions on co-workers</td>
<td></td>
<td>0.771</td>
<td></td>
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<tr>
<td>Helps others who have been absent</td>
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<td></td>
<td>0.744</td>
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<td></td>
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<tr>
<td>Willingly helps others who have work related problems</td>
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<td></td>
<td>0.793</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Helps orient new people even though it is not required</td>
<td></td>
<td></td>
<td>0.714</td>
<td></td>
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</tr>
<tr>
<td>Is always ready to lend a helping hand to those around him</td>
<td></td>
<td></td>
<td>0.828</td>
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</tr>
<tr>
<td>Takes steps to try to prevent problems with other workers</td>
<td></td>
<td>0.732</td>
<td></td>
<td></td>
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<tr>
<td>Is mindful of how his/her behaviour affects other peoples’ jobs</td>
<td></td>
<td></td>
<td>0.761</td>
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</tr>
<tr>
<td>Does not abuse the rights of others</td>
<td></td>
<td></td>
<td>0.763</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tries to avoid creating problems for co-workers</td>
<td></td>
<td></td>
<td>0.777</td>
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<tr>
<td>Attends meetings that are not mandatory, but are considered important</td>
<td></td>
<td></td>
<td>0.545</td>
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<tr>
<td>Attend functions that are not required, but help the company image</td>
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<tr>
<td>Keeps abreast of changes in the organization</td>
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<td>0.718</td>
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<tr>
<td>Reads and keeps up with organisation announcements, memos, etc</td>
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<td>0.665</td>
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<tr>
<td>Consumes a lot of time complaining about matters</td>
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<td></td>
<td>0.695</td>
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<tr>
<td>Always focuses on what’s wrong, rather than the positive side</td>
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<td></td>
<td>0.79</td>
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<tr>
<td>Tends to make ‘mountains out of molehills’</td>
<td></td>
<td></td>
<td>0.836</td>
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<tr>
<td>Always finds fault with what the organisation is doing</td>
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<td>0.785</td>
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<tr>
<td>Is willing to sacrifice personal interests for the organisation</td>
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<td>0.564</td>
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<tr>
<td>Does not take extra breaks</td>
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<td>0.671</td>
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<tr>
<td>Obeys company rules and regulations even when no one is watching</td>
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<td>0.76</td>
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<tr>
<td>Believes in giving one honest day’s work for an honest day’s pay</td>
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<td></td>
<td>0.732</td>
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</tr>
<tr>
<td><strong>VE</strong></td>
<td>0.58</td>
<td>0.579</td>
<td>0.389</td>
<td>0.606</td>
<td>0.47</td>
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<tr>
<td><strong>Reliability</strong></td>
<td>0.87</td>
<td>0.873</td>
<td>0.725</td>
<td>0.861</td>
<td>0.773</td>
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</table>
Correlations: (Group number 1 - Default model)

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<tr>
<th></th>
<th>Estimate</th>
<th>Squared correlation</th>
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<tr>
<td>OCB Consc &lt;---&gt; Sports</td>
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<td>0.228</td>
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<tr>
<td>OCB Consc &lt;---&gt; Civic Virtue</td>
<td>0.601</td>
<td>0.361</td>
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<tr>
<td>OCB Consc &lt;---&gt; Courtesy</td>
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<td>0.389</td>
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<tr>
<td>OCB Consc &lt;---&gt; Altruism</td>
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<td>0.308</td>
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<tr>
<td>Courtesy &lt;---&gt; Altruism</td>
<td>0.832</td>
<td>0.692</td>
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# Appendix 7: MEASUREMENT MODEL FOR CORPORATE CITIZENSHIP

Standardised factor loadings or regression weights, VE and alphas coefficients

<table>
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<tr>
<th></th>
<th>Philanthropic</th>
<th>Ethical</th>
<th>Legal</th>
<th>Economic</th>
</tr>
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<tbody>
<tr>
<td>Permits ethical concerns to negatively affect economic performance</td>
<td>0.509</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Helps solve social problems</td>
<td>0.767</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participate in the management of public affairs</td>
<td>0.773</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocate some resources to philanthropic/charitable activities</td>
<td>0.701</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Play a role in our society beyond the mere generation of profits</td>
<td>0.695</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Ensure that the respect of ethical principles has priority over economic performance</td>
<td>0.82</td>
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<tr>
<td>Is committed to well-defined ethics principles</td>
<td>0.789</td>
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<tr>
<td>Avoids compromising ethical standards in order to achieve corporate goals</td>
<td>0.683</td>
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<td></td>
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<tr>
<td>Ensures that its employees act within the standards defined by the law</td>
<td></td>
<td></td>
<td>0.671</td>
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<tr>
<td>Refrains from putting aside its contractual obligations</td>
<td>0.63</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Refrains from bending the law even if it helps improve performance</td>
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<tr>
<td>Always submits to the principles defined by the regulatory system</td>
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<tr>
<td>Strives to maximise profits</td>
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<tr>
<td>Controls operating/production costs strictly</td>
<td>0.639</td>
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<td></td>
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<tr>
<td>Always strives to improve economic performance</td>
<td>0.829</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Plans for its long term success</td>
<td>0.596</td>
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<td><strong>VE</strong></td>
<td>0.734</td>
<td>0.7</td>
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<tr>
<td><strong>Reliability</strong></td>
<td>0.773</td>
<td>0.791</td>
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<td>0.779</td>
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### Correlations: (Group number 1 - Default model)

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<th>Relationship</th>
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<th>Squared correlations</th>
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<tr>
<td>Economic Cit &lt;--&gt; Legal Cit</td>
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<td>0.318</td>
</tr>
<tr>
<td>Economic Cit &lt;--&gt; Ethical Cit</td>
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<td>0.097</td>
</tr>
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<td>Economic Cit &lt;--&gt; Philanthropic Cit</td>
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## Appendix 8: CFA FOR THEORETICAL MODEL

**Standardised factor loadings or regression weights, VE and alphas coefficients**

<table>
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<tr>
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<th>Org. Virtuousness</th>
<th>Corporate Citizenship</th>
<th>Leadership</th>
<th>OCB</th>
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<td>Leadership Vision</td>
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REFERENCES


ONNEN, M. K. (1987) The relationship of clergy and leadership characteristics to growing or declining churches. University of Louisville, KY.


