

**Socially Responsible Behaviour:
Developing Virtue in Organizations**

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ABSTRACT

The discussion and debate regarding corporate social responsibility (CSR) has primarily addressed organizational rationale and activities. Little has been said about the individual characteristics and behaviors that will encourage the development of CSR within organizations. Bringing together an Aristotelian notion of virtue and character and recent research in moral and developmental psychology, we explore the personal characteristics related to individuals' socially responsible behavior (SRB). Particular emphasis is given to literature linking individual-level variables to responsible action and decision-making. We propose a dynamic model that takes into the impact of different organizational contexts and different organizational practices in promoting SRB and moral agency, for the individual as well as for the organization.

Key words: Socially responsible behavior; Virtue ethics; Moral psychology; Emotions

The debate regarding the role of business in society has persisted over decades. Most recently, given widespread corporate scandals and anti-globalization backlash, business corporations are being increasingly pressured to engage in activities that aim at improving social welfare in communities or contexts that are directly or indirectly related to the company's core operations. In July 2002 the European Union published a green paper (the first step towards legislation) defining corporate social responsibility (CSR) as “the integration of social and environmental concerns in the daily operations and in the interactions with stakeholders on a voluntary basis.”¹ . More recently, UN Secretary Kofi Annan called for large multinational corporations all over the world to stand up to their own responsibilities in the global fight against malady, poverty, ignorance and the depletion of the natural environment. Whereas the UN Global Compact initiative has maintained the emphasis on corporate choice in deciding the level of engagement in these processes, the trends towards non-voluntary, externally imposed regulation of corporate social (in addition to environmental) behavior, are also mounting (Annan 2001).

Confronted with increasing institutional pressures to behave as “good citizens” (however that might be conceived of), and by the relentless pressure from financial markets to perform, companies have adopted different positions. In the traditional, *contractarian* approach, the corporation is seen to be responsible only towards its shareholders (Friedman 1971), wherein profit maximization is the primary purpose, and any social initiative is considered as theft of shareholder assets (Margolis and Walsh 2003). In a corporate philanthropy perspective (Porter and Kramer 2002), social or moral engagements are seen as *instrumental* to making profit, for example

¹ http://europa.eu.int/comm/employment_social/soc-dial/csr/greenpaper_en.pdf

by enhancing corporate reputation. Finally, *integrated CSR* (Weaver et al. 1999) aims at integrating social and ethical concerns into the larger strategy and daily operations of the firm. In this perspective, CSR activities are not considered as an “add-on” but rather an expression of “who we are”, “how we do business”, or “in our DNA” -- thus central to the organization’s identity or character. As such, integrated CSR can be seen as an illustration of organizational virtue, since being good corporate citizens becomes core to the identity of the organization.

To date, the CSR debate has focused almost exclusively on the organizational level of analysis, studying the intentions, the initiatives and their outcomes (Post et al. 2002). Unfortunately, there has been little fundamental questioning of the role of the individual in promoting CSR. According to Wood the principles of CSR “ ...leave substantial room for managerial discretion in determining what social problems and issues are relevant and how they should be addressed” (1991: 698). What explains then the discretionary decision-making and behavior by some individuals aimed at proposing initiatives that focus on improving the social impact of organizational activities? Why is it that, within the same organization, some individuals would advance suggestions on the use of organizational resources that do not directly promote economic performance, whereas others will not?

We need to know more about how individuals in organizations perceive these issues and exercise choice and what personal characteristics might be relevant. Furthermore, the key challenge arises when individuals confront difficult dilemmas where the concern for societal welfare is not compatible with pressures for shareholder wealth maximization. This incompatibility drives the call by Margolis and Walsh for organizational inquiry to go “beyond efforts to reconcile corporate responses to social misery with the neo-classical model of the firm. Rather, this

[tension] should serve as a starting point for new theory and research” (2003: 280). We see SRB as a particularly interesting point of entry into exploring this tension: how does the *individual* decision-maker balance these seemingly incompatible claims? By focusing on the individual characteristics that drive socially responsible organizational practices, we thus embrace this call, as well as that of Wood to articulate “a principle of socially responsible human action” (1991: 699).

This paper addresses the psychological characteristics that are thought to encourage social responsible behavior (SRB) of individuals in organizations. By integrating recent developments in moral psychology with Aristotelian notions of character and virtue ethics, we hope to enrich our understanding of how Corporate Social Responsibility (CSR) is enacted at an individual level and how that enactment contributes to the development of character in both individuals and companies. More specifically we will provide a framework of the individual characteristics (cognition, identity/integrity, values and emotions) that are likely to encourage as well as be encouraged by SRBs. Or, as Aristotle would have it, how “doing good” becomes a part of “who we are” as individuals and as organizations.

This focus on the individual-level of analysis is not meant to ignore the extent to which contextual factors (such as job content and context, corporate culture and climate, reward systems, supervisor and peer behavior, and issue characteristics) encourage or restrain individual efforts to act socially responsible, to demonstrate moral agency. These factors have been investigated in detail (Trevino 1986; Cullen et al. 2003; Victor and Cullen 1988 Trevino and Weaver 2001, Trevino et al. 1998; Weaver and Trevino 1999; Ramus 2001; Jones 1991). Our contribution is situated precisely on the level of the personal characteristics which enable individuals to

engage in socially responsible behavior in different organizational contexts which may be more or less likely to promote and develop moral agency.

We situate our discussion at the boundaries between recent developments within moral and developmental psychology, recent applications of Aristotelian thought to organization studies, and recent developments within CSR and business ethics research aiming at the integration of normative and empirical claims².

We will then describe our model of **SRB, understood as individual decisions and actions taken in organizations that benefit society at large**. By adopting an Aristotelian approach, we focus on the notion of virtue, character, and habit rather than on the behaviors *per se*. Drawing on extant research in moral psychology, we will then investigate specific psychological characteristics that are likely to result in as well as result from SRB.

Furthermore we will propose a dynamic/developmental model which specifies in more details the ways in which responsible practice and character influence each other to crystallize responsible habit patterns over time. These dynamics are proposed to take place both at the individual and organizational levels as well as between the individual and the organization. In other words, how does character create action and action create character for both individuals and organizations? And how does individual moral agency promote moral agency in the organization and vice versa? Finally, we will explore implications for how different organizational contexts and practice can promote moral agency.

² See for example Margolis and Walsh (2003) and a special issue of Business Ethics Quarterly (1994), Vol.4, issue 2.

Virtue ethics

Different rationales lay behind our choice to refer to Aristotle's virtues perspective in developing our model of SRB. First of all, we were interested in the *individuals'* role in promoting CSR. As noted by Maguire (1997), virtue ethics offers an imminently *micro* perspective on business ethics, and emphasizes the importance of the *character* of the individuals which compose an organization. Secondly, we recognize the limits of the predominant deontological and consequentialist assumptions underlying many approaches to business ethics which rely on deriving abstract principles and universal rules that define THE right action in a given situation. Assuming the *uncodifiability of ethics* (McDowell 1979) and decision-makers' *bounded moral rationality* (Donaldson and Dunfee 1994) (see below), we are interested in examining the personal characteristics of individuals in organizations that will enable them to take the responsible action in decision contexts which are ambiguous, complex and situation specific. Therefore, we propose that SRB is best understood by means of the Aristotelian notions of **character, virtue, and practice**.³

Character

"Moralis", like its Greek predecessor "*êthikos*" (...) means "pertaining to character" where a man's character is nothing other than his (...) dispositions to behave systematically in one way rather than another, to lead one particular kind of life. (MacIntyre 1984: 38).

Aristotle's notion of character represents a pattern of relatively long term dispositions to act in a certain way; it rejects the idea that situation determines behavior (anti-contextual determinism) and, in contrast to trait theory in psychology (individual determinism), is considered to be never fully formed but evolving through

³ We do not aspire to contribute to the larger debate regarding the philosophical underpinnings of organizational ethics, but rather to make use of the rich evidence that exists in moral and developmental psychology in order to inform our understanding of individual virtue at the service of the common good.

circumstances and trials (Solomon 2003). Thus character is considered to be *a way of being* that evolves over time such that who you are influences what you do, and conversely what you do shapes who you are. In other terms, character **results not only in** but also **from** behavior: “past actions, by molding character, become the cause of future actions” (Koehn 1995: 536).

In modernity we often separate the inner person from the outer person and a person from his or her actions. Ancient Greek theories of ethics based on virtue (Aristotle) do not have this problem: you basically *are* what you do. (Ciulla 2004: 310).

Virtue. “Virtue is all-round personal excellence {embedded} in and in service of the larger community” (Solomon 2004: 1023). Of all our personal characteristics, virtues (*areté*, or excellence), refer to the highest, most noble behavior we are capable of, and result from developing what is best of ourselves. In line with Aristotelian thought, virtues concern both character *and* behavior: they refer to a disposition to act, knowingly and willingly, in service of the common good. A fundamental characteristic of virtues is that, in acting virtuously, the virtuous action is an end in itself (Aristotle 1985) and thus does not rely on extrinsically defined codes of behavior or extrinsic rewards or sanctions. Also, virtues are defined by the community in which one evolves (Solomon 2003), are acquired through practice (Tsoukas and Cummings 1997) and emerge as an appropriate response to a specific situation (Azibadeh 2002).

Virtues cannot be defined in universalist terms, but depend on our various innate talents and temperaments. Depending on a given context, different virtues (such as integrity, practical wisdom or judgment, “toughness”, honesty, wit, courage, honor, modesty, etc) may be relevant and lead to excellence in action (Solomon 1992). It is important to note that these same qualities can transform into “vices” if they are not adapted to the situation. In the case of SRB, virtue implies striving to

express or to bring out what is the best of oneself in order to serve what is best for society.

Practice.

“The virtuous agent simply is the person habituated to desire to do what is good and noble” (Koehn 1995)

We were interested in exploring the conditions under which the individual forms *habits* of responsible behavior. In studying SRB in the perspective of *praxis*⁴ we will join recent emerging research in social science (see Flyvbjerg 2001) and more specifically in organization and management studies (e.g. Tsoukas and Cummings 1997; Clegg and Ross-Smith 2003; Calori 2002). These approaches emphasize the importance of personal experience and adaptation to context, when it comes to dealing with human affairs. They propose an alternative to predominant empirical, predictive, and instrumental epistemologies, in that they emphasize how norms and values permeate most human action and how the latter relies not only on rational processes but equally relies extensively on *practical intelligence* and *tacit knowledge*. (Flyvbjerg 2001; Sternberg 1998). We wish to, acknowledging the normativity involved in any issue related to social welfare, make use of the rich conceptual, but also empirical, knowledge generated recently from within moral and developmental psychology.

DEFINING SOCIALLY RESPONSIBLE BEHAVIOR

An increasing number of organizations are engaging in CSR activities. Examples include volunteering for community work, providing education and health services to local communities, advising or otherwise supporting NGOs in socially worthy causes, seeking alternatives to factory closings, and providing medication

⁴ I.e. practical activity and practical knowledge in everyday situations (Flyvbjerg, 2001)

below cost to communities in need (e.g. tsunami victims). Although these activities may be viewed cynically as public relations efforts to enhance reputation (self serving purposes), or more maliciously as highway robbery with the shareholders as victims, these actions can create pride, strengthen identification with, and increase commitment to the organization. These examples of organizational practice, which express as well as shape the organization's "way of being" or "character" (identity, culture), are the result of individual decisions of leaders, managers, or employees.

We define **socially responsible behavior (SRB) as discretionary decisions and actions taken by individuals in organizations to enhance *societal* well-being.**

In taking decisions and actions that enhance societal welfare, these individuals are putting their virtues in the service of the **common good**. This requires, however, the capacity to take into consideration the situational constraints, the interdependencies, and the multiple, often conflicting demands of various stakeholders. As such, SRB is not only based in moral vision, but in the capacity to take realistic decisions given the various situational constraints. Given that purely scientific knowledge (*episteme*) or technical skills (*techne*) are insufficient when it comes to issues where human well-being are at stake (Tsoukas and Cummings 1997), SRB bears resemblances to the cardinal virtue of *phronêsis* (practical wisdom) (Abizadeh 2002). In other terms, "encouraging certain emotional and value-based qualities might enhance one's practical wisdom, a form of intelligence that serves in the face of ambiguous or uncertain circumstances to guide actions that are good for the polis" (Statler et al. 2003). In a similar vein, this capacity of striking a balance, in action, between various stakeholder needs, in order to arrive at the common good, is put forward by Sternberg (1998; 2004). "The balance theory of wisdom proposes that people are wise to the extent they apply their intelligence, creativity, and wisdom toward a common good by balancing their own interests, the interests of others and the interests of organization

or other supra-individual entities; over the long and short terms; through the infusion of values, to adapt, to shape and select environments.” (2004:145).

These decision contexts often represent social dilemmas (Dawes 1980) similar to that of the tragedy of the commons (Hardin 1968) wherein the goal and challenge is to arrive at a balance between one’s own and others’ interests. In such contexts, practical wisdom enables individuals to “...see what is good for themselves and what is good for men in general [or] see the common good and put it into practice. [...] Its function is to put into practice the values that the moral virtues provide” (Tsoukas and Cummings 1997:665).

The key assumptions underlying this definition are that SRB is: 1) based on choice and agency; 2) intrinsically motivated and hence does not rest on external motivators or incentives; 3) integrated into daily activities and decision making; and 4) relies more on the actor’s practical wisdom than on an adherence to universal principles (deontology) and a narrow focus on consequences (utilitarianism).

1) Choice and agency. SRB assumes that organizational members have choice, can facilitate or prevent things from happening (agency, cf. Walker 2000), and therefore are personally responsible for their actions. SRB is based on the notion of volition, or willingness, to engage in activities that benefit society. In theories of economic agency, individuals are seen as *economically* rational (calculating costs and benefits of various actions), motivated by self interest, and characterized by opportunism (Jensen and Meckling 1976; Eisenhardt 1989). In sociological notions of agency, individuals are considered to be less individualistic, oriented towards others’ well-being, and capable of exerting some degree of control over and ability to transform social relations in which they are involved (Sewell 1992). Most prosocial behavior, although similar to SRB, is discussed in terms of these inter-individual relationships and not as benefitting society as a whole (Eisenberg 1996).

Moral agency, in our perspective, involves the expression of character and virtues into action aimed at the common good. “The common good is achieved when each person contributes to the whole in accord with his or her abilities and with the awareness of the legitimate needs of others” (Arjoon 2000). According to the *Nicomachean Ethics*, “living a good life” implies bringing out the best of oneself in order to serve what is best for the community (MacIntyre 1984). As Aristotle argued, the self does not exist separately from the community, such that that which is good for the community is good for himself (Solomon 1992). Our model of SRB fits with this understanding of moral agency as it specifically addresses the nature of personal characteristics likely to lead to voluntary behaviors that benefit society⁵.

(2) Intrinsic motivation. Intrinsic motivation derives from fulfilling higher order needs (e.g. achievement or self esteem) (Maslow 1954; Hertzberg et al. 1959). Indeed, providing external rewards for behavior may destroy the intrinsic source of motivation (Deci and Ryan 1985). Prosocial behavior is generally defined as voluntary behavior intended to benefit others without expectations of external rewards and without necessarily being self sacrificing (Eisenberg 1996).

According to Shamir et al. (1993), motivation derives not only from doing something well, or *self esteem* (based on a sense of competence, power, and control), but also, and perhaps even more importantly, from *self-worth* (based on a sense of virtue and moral worth). They argue that people behave in ways that demonstrate consistency in their self concept or identities: “We ‘do’ things because of what we ‘are’, because by doing them we establish and affirm an identity for ourselves.” (Shamir et al. 1993:580). This sense of personal or moral commitment motivates “... a course of action and to invest efforts *regardless of the balance of external costs and benefits and their immediate gratifying properties* (italics added).” (:583). Rather than

⁵ Assuming, like Solomon (2004), that the *community* can be defined on various levels, including society as a whole.

the notion of instrumentality as developed in expectancy theory wherein motivation derives from the expectation that effort leads to performance and performance leads to outcomes that are valued (Vroom 1964) , just “by making the effort, one makes a moral statement.” (Shamir et al. 1993: 582). In this sense, SRB is understood as intrinsically, not instrumentally, good (Quinn and Jones 1995).

For Aristotle, the development of character and virtue are accompanied by *eudaimonia*, often translated by happiness, fulfillment, or human flourishing. It implies living in line with one’s goals in life and realizing one’s true potential.⁶ Carole Ryff (e.g. Ryff 1989; Ryff and Singer 1998; Ryff and Singer 2000) has made an important distinction between *eudaimonic* and *hedonic* well-being. She notes that majority of studies within psychology have focused on the latter, i.e. positive affect linked to pleasure, gratification, and goal attainment. For her, there has been a relative neglect of well-being derived from developing one’s potential, having a purpose in life, nourishing positive relationships with others and the community, in short, leading a “good life” (Ryff and Singer 1998).

(3) Integrated . As discussed above, socially responsible behavior is seen as based in a way of being, and is therefore embedded in everyday decisions and actions. As described by Wood,

....a company’s social responsibilities are (...) met by individual human actors who constantly make decisions and choices, some big and some small, some minor and others of great consequences (1991:699).

Given the fundamental ambiguity of real life situations, “...we develop habits of moral interpretation and moral intuition through which we perceive the everyday world” (Walker 2000:136), often unconsciously and based on contextual patterns and cues. In keeping with Aristotle, virtue ethicists adapt a situational approach to

⁶ We will not go into the debates and divergences among scholars as to the function or nature of *eudaimonia*, but rather see what recent developments in psychology has yielded on the subject.

business ethics as a virtuous act cannot be described independently from the situation in which it is performed (Maguire 1997), nor from the characteristics of the person who performs it (Walker 2000). Thus SRB is considered to be an expression of this character, and as such, moral considerations would be *integrated* into the actor's every-day decisions and actions.

(4) Practical wisdom versus truth and consequences. Given the complexity, the dilemmas, and the paradoxes confronted in managing the tensions of the often conflicting demands of multiple stakeholders, our notion of SRB shifts the focus from the definition of abstract moral principles and universal rules (*deontology*). Also, in order to avoid the “delusion of determinacy” (Phillips et al. 2003) and to cope with our “bounded moral rationality” (Donaldson and Dunfee 1994), this equally implies de-emphasizing the focus on outcomes typical of *utilitarian* approaches. Therefore rather than relying on abstract principles or mechanical algorithms for making a decision (Koehn 1995), we attend to the psychological processes at stake in deciding on a particular course of moral action in the here and now (Punzo 1996).

Our interest in a virtue ethics perspective on SRB is thus grounded in the idea of the uncodifiability of ethics (MacDowell 1979; Azibadeh 2002; Tsoukas and Cummings 1997). As noted by Solomon (1992), corporate efforts to encourage more responsible behavior have been excessively focused on abstract codification and the establishment of extrinsic motivators.

In a *situational* approach to ethics the focus shifts to what personal characteristics help the decision-maker rapidly perceive the relevant contextual variables and balance various interests (Sternberg 1998) in order to arrive at a *situation-specific* decision that serves the common good. Thus, the idea of *praxis* (Flyvbjerg 2001) informs our construct inasmuch as *practical experience and knowledge* is necessary in order to adapt one's moral judgment and responsible action

to a specific situation. This perspective has been adopted by moral psychologists who have in the past decades reacted against an excessive focus on rational, abstract, universalist processes for understanding moral behavior (*reflexive morality*, see Walker 2000), typically represented by Kohlberg (1984) and other Kantian-inspired approaches.

To sum up, we argue that socially responsible behavior (SRB) is based on a notion of moral agency implying that organizational members exercise choice, assume personal responsibility and are driven by a vision of the good life. This behavior is founded in a moral character that is intrinsically motivated, rather than by promises of rewards or threats of sanctions. SRB requires a generalized moral awareness of the impact of everyday decisions and actions and the development of moral habit that evolves from practice.

In order to arrive at our model of SRB, we have reviewed select related literatures such as transformational or charismatic leadership (Burns 1978; Shamir et al. 1993; Bass and Steidlmeier 1999), ethical leadership and moral management (e.g. Trevino et al. 2000), ethical decision making (Jones 1991), organizational citizenship behavior (Organ 1988; Organ and Ryan 1995), and pro-social organizational behavior (Brief and Motowidlo 1986) as shown in Appendix 1.

Despite this rich literature, there remains no satisfying conceptual and empirical equivalent in the specific context of CSR pertaining to individual level behavior. Most of the above-mentioned constructs describe behavior related to others within organizations or to the organization; none of the behaviors described are *primarily* targeted at the societal level (with the exception of whistle-blowing as a case of dysfunctional prosocial organizational behavior). The above-mentioned constructs might indeed be seen as reflecting different facets of SRBs, but the latter is

meant to fill the existing void with regards to behavior in organizations which is focused on *societal* well-being.

Thus, in managing the tensions and ambiguities inherent in CSR issues, individuals most likely do not consciously recognize a moral issue and then calculate costs and benefits or refer to some abstract normative principle for guidance. Most of the time, action results from a complex interplay of cognition, values, and emotions. In the following section we are proposing to identify individual characteristics which would *predispose* individuals to act in ways that promote societal well-being, acts which would in turn contribute to the development of character.

PSYCHOLOGICAL CHARACTERISTICS OF SOCIALLY RESPONSIBLE BEHAVIOR

The key personal characteristics that are considered to promote SRB are grouped as cognition, values and emotions (as shown in Figure one). These characteristics are not necessarily exhaustive. Nevertheless, they are seen as part of character and as such interact in a dynamic and context-dependent manner to predispose the emergence of SRB.

Insert Figure 1 about here

Cognition

As discussed earlier, SRB would imply notions of agency and choice, personal responsibility, as well as moral reasoning. According to Eisenberg (1996), it is the ascription of responsibility to oneself that determines whether people act in accord to their moral obligations. MacLagan (1983) distinguishes between externally defined responsibility (linked to obedience and duty) and internally or subjectively defined responsibility (a personal feeling that motivates voluntary responsible behavior). Similarly, in an empirical study, Winter and Barenbaum (1985) distinguish between individuals with *low* and *high responsibility disposition*. The former use power instrumentally to further personal goals, whereas in the case of the latter, power is used to serve others in a morally responsible way.

The extent to which responsibility is attributed to oneself has been extensively discussed in psychology as “locus of control” (originally developed by Rotter 1966). Trevino (1986) argued that “internals” are more likely to take responsibility for moral consequences of actions and to rely on his/her internal standards of right or wrong to guide behavior. Research has shown that locus of control is significantly related to

ethical decision-making behavior (Trevino and Youngblood 1990), whistle blowing (Dozier and Miceli 1985), prosocial behavior (Spector 1982), and moral awareness, as well as more consistency across responses (Butterfield et al. 1996). Locus of control however, was not found to be related to Kohlbergian moral reasoning (Rest 1980).

Moral reasoning. Much of the research on moral behavior has been based on Kohlberg's (1984) model of moral reasoning. Inspired by Piaget's (1972) theory of cognitive development in children, Kohlberg (1984) described moral development as a stage-wise progression. At pre-conventional levels (stages 1 and 2) moral reasoning is based on reward or sanctions; at conventional levels (stages 3 and 4), it is based on social acceptance or social/professional norms. It is only at the post-conventional or principled level (stages 5 and 6) that reasoning is based on more abstract moral principles, i.e. "the right thing to do". With each successive stage the individual's moral judgment grows less and less dependent on external rewards or sanctions and more on internally held moral principles. In addition, each successive stage indicates a superior capacity for complex reasoning. In general, studies report moderate but consistent relationships between levels of moral reasoning and behaviors (Blasi 1980; Rest 1986; Ryan 2001).

Kohlberg's model has been used to describe the moral development of managers (Weber 1990; 1994; Derry 1989; Stratton et al. 1981) and has also been subject to repeated empirical research throughout the last decades. Most managers in the U.S. were found to use conventional reasoning (level 3 or 4) (Trevino 1986). Moral reasoning was also found to be significantly related to behavior in organizations such as cheating or helping others (Trevino 1986), ethical decision making (Trevino and Youngblood 1990), and organizational citizenship behavior (Ryan 2001). More specifically, Mason and Mudrack (1997) linked level of moral reasoning with different approaches to CSR, finding that principled leveled moral

reasoning (stages 5 and 6) as a prerequisite for integrated approaches to CSR, given the subtle balancing processes and the increased complexity of moral reasoning required.

Nevertheless, actual motivation in real life is complex and most likely involves different stages of reasoning and different moral frames. Colby and Damon (1992) argue that people can exhibit moral character or integrity without necessarily being at Kohlberg's highest level of moral reasoning. In their study, Bay and Greenberg (2001) found a U-shaped relationship where those having the highest propensity to act ethically were the subjects at the conventional level, stage 4. Kohlberg's theory is largely based on theories of justice. Gilligan's (1982), in her famous critique of Kohlberg, argued that, apart from justice and equity, there are alternative standards for moral evaluation. Her *ethics of care* focus on the respect of individual's inherent attributes such as compassion, love, and trustworthiness (Reynolds 2003). Punzo (1996) argues that in *virtue ethics* the emphasis is on being a good person rather than simply making just and fair decisions.

When Walker and Henning (2004) asked people to list what personal attributes characterized moral exemplars, different implicit theories of morality were indeed identified. Not only were moral exemplars perceived as being *just* (listens, integrity, reasonable), but the characteristics of *caring* (loving, empathic, altruistic) as well as *brave* (incorruptable, stands up for what s/he believes in) were also central to the moral personality.

Contemporary moral psychology has eschewed Kohlberg's overly rational cognitive perspective on moral development (based on Kantian assumptions) (e.g. Campbell and Christopher 1996). According to Haidt (2001:816), eighteenth century philosophers such as Hume (in opposition to Kant) believed that "people have a built-in moral sense that creates pleasurable feelings of approval toward benevolent acts

and corresponding feeling of disapproval toward evil.” Therefore he argues for the primacy of moral sentiment (moral intuition) over moral reasoning, which then serves as a post-hoc explanation of one’s actions or choices.

There has also been an increasing focus on reflexive (habitual, intuitive, emotion-based) rather than reflective (cognitive, rational) approaches (Davidson and Youniss 1991; Walker 2000; Shweder and Haidt 1993). Colby (2002:134) agrees that, “...most moral actions.... are not preceded by conscious reflection but instead are immediate, seemingly intuitive responses”. Damon and Colby (1996) argue that, although rational, conscious processes play a role in moral behavior, responses are much more frequently based on *moral habit*, developed through experience. It is this notion of habit which, according to Aristotle, forges character, i.e. “the integration of morality into the individual’s sense of self” (Colby 2002:130). For this reason Colby argues that “full moral development requires development of *both* moral understanding and moral integrity.” (Colby 2002:134, *our italics*).

Integrity and moral identity Moral psychologists have largely recognized that knowing what is the right thing to do is quite distinct from actually doing the right thing (Blasi 1980). Moral integrity and identity are involved in turning intentions into actions. Walker and Henning (2004) have criticized moral psychology because it has been “relatively impoverished in terms of its appreciation of moral personality and the intrapsychic aspects of moral development [including questions of] basic values, lifestyle, character, and identity” (:629) (see also Walker & Pitts 1998).

According to Damon and Hart (1992:455),

“...there are both theoretical and empirical reasons to believe that the centrality of morality to self may be the single most powerful determiner of concordance between moral judgment and conduct... People whose self-concept is organized around their moral beliefs are highly likely to translate those beliefs into action consistently throughout their lives.”

As argued by Rest (1979), the enactment of ethical behavior is not solely a result of perceiving what is ethically correct and ranking it with relation to instrumental concerns, but results from the actor's sense of self-efficacy, necessary to carry out moral choice.

Solomon (1992) argues that integrity, one of Aristotle's cardinal virtues, can be seen as the lynchpin which keeps intentions tightly coupled with actual behavior; as such, it is seen as maintaining consistency and coherence (“wholeness”) of the individual. As described by Blasi (1983 quoted in Colby 2002), people have a need for internal consistency in their core self (identity), or fidelity to oneself in action (integrity), and these play a key role in motivating actual moral behavior. This joins Erikson's (1964) classical idea that *identity* involves being true to oneself in action.

Acquino and Reed (2002) define and test the notion of moral identity as a self conception organized around a set of moral *traits* (such as being caring, compassionate, fair, friendly, generous, helpful, and honest). The arguments mentioned above thus seem to align with the idea that moral *character* implies integration of self and morality, as well as fidelity to this self in action. In other words, “moral identity is a commitment to one's sense of self to lines of action that promote or protect the welfare of others” Hart (1998:421). Moral identity, however, may not be a stable trait as it may become more or less salient in different contexts, as being moral may be more or less central to self concept, and as it may change over time (Blasi 1983).

In our model (see Figure 1), moral identity is situated as a coherence-seeking, cognitive characteristic, making morality central to what a person aspires to *be*⁷. Integrity, on the other hand, is seen as an attribute that ensures that one's moral judgment and values are kept aligned with one's actual behavior. As such, it moderates the enactment of one's cognitive and value-based evaluations.

Values

Personal values represent preferred states that motivate and guide people's choices, attitudes, and behaviors (Allport et al. 1951, Rokeach 1973). England's (1975) famous study of managers demonstrated that values are distinguished by two major factors: *pragmatic* and *moral*. Managers with pragmatic values were found to be more concerned with outcomes such as success/failure, *i.e.* performance and effectiveness, and more sensitive to external rewards and controls. Managers with moral values are more concerned with doing what is right or wrong, humanism, and more sensitive to internal rewards and controls. With regard to SRBs managers with moral values would be most likely to integrate responsible behavior into everyday decision making and action whereas managers which were more pragmatic might take the more instrumental view of CSR.

The personal values and ethical aspirations of the company's leaders are implicit, if not explicit, in their strategic decisions (Andrews 1989; Westley and Mintzberg 1989). The most classic examples are Anita Roddick, co-founder of the Body Shop who was on the forefront of ecological concerns (reusable bottles for cosmetics; opposing animal testing for products; protecting the rain forest, whales and other species at risk of extinction), and helping developing countries by providing business opportunities ("Trade not Aid"). Case studies of environmental leaders have

⁷ It is important to note that "cognitive" does not necessarily imply "fully conscious".

indeed identified the importance of personal and environmental values in shaping their visions for the future and in providing motivation and guidance for their work to effect environmental change (Egri and Herman 2000). Although personal values are often referred to as a source of these types of initiatives, specific values have not been identified nor linked to SRB.

Through his extensive research, Schwartz (1994; see also Schwartz and Bilsky 1990) identified 10 motivational types or “universal human values” which he argued reflected the needs of individuals as biological organisms as well as the requisites of coordinated social interaction. Studying their factor structure, he further grouped these ten values into two higher-order bi-polar dimensions: 1) **self-transcendence** (comprised of universalism and benevolence) **versus self-enhancement** (achievement, hedonism and power); and 2) **openness to change** (stimulation and self direction) **versus conservatism** (tradition, conformity and security). Self-enhancement is related to the extent to which a person is motivated by self-interest, whereas self-transcendence is related to a motivation to promote the welfare of others and nature. **Universalism**, *i.e.* understanding, appreciation, and protection of the welfare of all people seems particularly relevant for SRB. It encompasses notions of equity, caring and justice as described in the previous section.

Self-transcendence. Whitener et al. (1998) argue that managers with self-transcendent values will be more likely to demonstrate concern for others and behavioral integrity. These managers will therefore be better able to develop trust than will managers whose values are self-enhancing. These values are considered relevant to SRB since it would imply consideration and sensitivity for the welfare of others, acting in a way that protects others’ interests, and refraining from exploiting others for the benefit of one’s own well-being. Values of self-transcendence as well as

openness-to-change were found to have high importance for ethical leadership (Egri and Hermann 2000).

Self as interdependent. The notion of self-transcendence bears resemblances to the idea of **self as interdependent** (Markus and Kitayama 1991). This notion of self as interdependent is most likely found in collectivist cultures wherein individuals may have fewer group affiliations but are more strongly identified with those groups. The notion of **self as independent** tend to be found in cultures that value individualism: individuals have more group affiliations with weaker identification. Thus the notion of the self as interdependent would make the pursuit of others' well-being and thus SRB more likely.

Cultural values of individualism which emphasize self-interest may make salient social dilemmas, since there is an inherent conflict between managing agency risk (i.e. risk of opportunism) and building trusting relationships. Organizational members from individualist cultures may be considered less trustworthy as they are less likely to conform and show solidarity, thus less likely to operate under norms of reciprocity and obligation. On the other hand, organizational members from cultures that are more collectivist, may experience little or no conflict in a similar situation (Whitener et al. 1998). However, given Aristotelian logic that the individual and collective are not separable, SRB would involve a “sophisticated understanding of the coupling between {one’s} own fate and that of the collective to reduce the conflict between short-term individual gain and long-term benefit for the collective.” (Whitener et al. 1998).

Openness to change. Schwartz (1994) labeled the second higher-order value dimension as openness to change (intellectual and affective autonomy) versus conservatism (conformity, security and tradition). He found autonomy to be positively related to the notion of “egalitarian commitment” (voluntary, promoting

welfare, social justice, responsibility and benevolence) whereas hierarchy and conservatism was found to be negatively related. Thus conservatism may be related to preferences for the neo-classical model of the firm (“CSR is not my business”) as well as the instrumental view where CSR is considered acceptable to the degree that it maintains and does not interfere with the traditional goal of an organization, i.e. wealth creation. On the other hand, openness to change would more likely motivate efforts to find ways of integrating CSR to company strategies as was shown by the study of environmental leadership described above (Egri and Herman 2002).

As we have seen above, the values of self transcendence imply attention to societal well-being, interdependence of self implies a sense of connectedness with significant others, and openness to change implies being predisposed to integrating SRB into everyday decision making and action. Values, in effect, indicate what is important to us and motivate our concerns. These moral concerns made salient by the situation dictate the moral relevance and moral meaning of emotions. “Moral meaning of emotions and their capacity to contribute to moral motivation depend on the prior presence of moral concerns, even when emotional responses, in their turn, reinforce these concerns” Blasi (1999:15). Thus while cognition may explain moral judgment, and values may determine the moral concerns held by the individual, emotions may play an important role in energizing SRB leading to action. “Moral appraisals are grounded in self-evident truths (intuitions), saturated with local cultural meanings, and activated by means of emotions” (Shweder and Haidt 1993:360). More importantly, perhaps, “emotions are the ‘gatekeeper to the moral world’” (Shweder and Haidt 1993:364).

Affect and Emotions

A brief review of the literature on emotions gives us some understanding of how they can be important in influencing socially responsible behavior. Emotions are the organized psychobiological responses linking physiological, cognitive, and motivational systems (Salovey and Mayer 1990). Cognition and emotions are closely intertwined inasmuch as cognitive appraisals are often necessary to arouse emotions (Scherer 1988; Clore and Ortony 2000; Lazarus 1993).

Emotions first serve as relevance detectors, focusing people's attention on specific events⁸, then as motivators of action. Although emotions (e.g. fear) can at times lead to paralysis, they often generate a change in readiness to act that prepares people to take action (Frijda 1996). If they believe they have adequate resources to deal with the new event, they are more likely to respond actively. Otherwise, they may adopt a passive/avoidance approach (flight versus fight).

Emotions are distinct from adjacent concepts such as affect or mood (Scherer 2000). Positive and negative affectivity can be considered to be dispositional, i.e. a general tendency to experience pleasant or unpleasant feelings (affect) or to react to objects in a particular way, or situational.⁹ Mood is an affective state that is milder, more diffuse, with no directed object. Emotions are distinct from mood in that emotions are generally event induced, directed toward specific objects, shorter, and more intense. Different cognitive appraisals will lead to different specific discrete positive or negative emotions, such as fear, anger, hope, or joy (Ortony et al. 1988; Scherer 1997). According to Shweder and Haidt (1993), , “many cognitive appraisals that have been postulated as causal conditions for an emotional experience are quite

⁸ Thoma et.al. (1991) argued that the first step in ethical decision-making involves a clear affective component, called emotional sensitivity, necessary in order to recognize a moral issue.

⁹ The debate over positive affect as a “state versus trait” is beyond the scope of this paper. However, we may note that in terms of *character*, emotions as general personality dispositions are closer to the ideas investigated in the present paper although character is seen as having an inherent plasticity, i.e. can evolve over the lifetime.

similar to the self-evident truths of morality. Anger is about injustice. Sympathy is about harm and suffering. Shame and guilt are about the right and the good. Disgust is about degradation and human dignity.” (:364).

We discuss the relationship between emotions and socially responsible behavior under two different interrelated thrusts. First, we want to demonstrate how affect (both positive and negative) may influence socially responsible behavior. Then, we adopt a more textured approach by discussing how certain specific discrete emotions (Izard and Ackerman 2000), also both positive or negative, **can not only prime socially responsible behavior but also be elicited by** these behaviors.

Positive and negative affect. There is a great amount of empirical research that has demonstrated how positive affect can promote helpful and friendly behavior (Isen 1999); and generate organizational citizenship behavior (George 1990) and prosocial behavior (Brief and Motowidlo 1986). This may occur because pleasant emotions can help boost one’s personal resources, including physical, intellectual, and social-psychological energy, believed necessary to address the challenges of helping others (Lazarus 1993).

Complex social issues often involve multiple seeming contradictions and moral dilemmas. Dealing with them often require deep reflection and analysis, imagination, and lateral thinking to transcend paradoxes (Lewis 2000) and serve multiple interests. Such kinds of cognitive flexibility could be facilitated with the presence of positive affect. In general, positive affect has been shown to enhance problem solving and creativity (Isen 2001); to broaden people’s thought-action repertoires and build long-term resources to help them deal with future challenges (Fredrickson; 1998); and to facilitate risk taking and learning from past mistakes by providing a psychologically safe environment (Schein 1996; Edmondson 1999).

Positive affect could also facilitate flexible thinking even when people are faced with negative situations, in part because positive affect reduces defensiveness and increase people's tolerance to negative constructive feedback (Trope and Pomerantz 1998; Staw and Barsade 1993). Thus positive affect is likely to help individuals to accept to evaluate complex social issues, to reflect deeply about difficult social dilemmas, to generate innovative SR alternatives, to grow personal courage to take negative feedback, to promote individual and collective learning.

However, positive affect has also been found to result in overly optimistic and taking cognitive short cuts whereas negative affect was found to be related to being more thorough and systematic in analyzing problems, paying more attention to details and to people issues, and being more cautious in their actions (the "sadder but wiser" hypotheses (Staw and Barsade 1993)).

Discrete emotions. Specific positive and negative discrete emotions are aroused through further elaborate cognitive appraisals involving perceived agency and control (who is responsible), and goal and value/norm congruence lead to different specific emotions such as anger, disgust, shame or guilt (Scherer 1997). For example, given an aversive event, that is, perceived as interfering with my goals or as contrary to my personal norms or values, I might feel angry if I hold someone else responsible and believe that I can do something about it.

Haidt (2001) argued that the relationship between moral reasoning (cognition) and moral behavior appears to be weak (after controlling for intelligence), and that emotional and self regulatory factors seem to be more powerful determinants of actual behavior. Indeed, an emerging body of work suggests that individual abilities in regulating their own behavior and emotions influences positively moral and pro-social behavior (cf. Eisenberg 2000). The arousal of appropriate emotions in situated

contexts coupled with one's ability to regulate them can motivate individuals to take actions that benefit collective well-being. Regulating one's emotions implies that one is aware of different emotional states and is able to modify them (Salovey and Mayer 1990). In this respect, appraisals of social injustice and immorality could elicit anger reactions (Mikula et al. 1998), leading people to attribute responsibility or blame to others (Keltner et al. 1993). Anger, well channeled, could lead to SRB if it can energize people to take actions to rectify the perceived injustice and improve social well being. This also leads us to discuss other discrete emotions, positive and negative, such as guilt, shame, and sympathy, which can also prime social and moral behavior.

Guilt and Shame. More recently, psychologists have studied the role of "...higher order emotions such as guilt and sympathy [which] are believed to motivate moral behavior and to play a role in its development and in moral character" (Eisenberg 2000:666). These emotions are often referred to as "moral emotions" and are elicited by an individual's understanding and evaluation of the self, hence are "self-conscious." Guilt involves a sense of personal responsibility, the feeling that one has violated a moral standard, and concerns about the effects of one's behavior on other people (Tangney 1992). While shame affects the core identity of a person, guilt is elicited by one's concern with a particular behavior (Tangney 1998). Guilt refers to "an agitation-based emotion or painful feeling of regret that is aroused when the actor actually causes, anticipates causing, or is associated with an aversive event" (Ferguson and Stegge 1998: 20). The guilty actor accepts responsibility for a behavior that violates internalized standards or causes another's distress and desires to make amends or punish himself (Hoffman 1998). Because guilt is focused more on specific transgression, guilt seems to motivate acknowledgement of responsibility and

repairing behavior rather than avoidance behavior associated with shame (Tangney 1998).

As discussed by Eisenberg (2000), guilt is thus hypothesized to be a more “moral emotion” than shame. Guilt implies not living up to one’s own standards (ego ideal) whereas shame implies not living up to the standards of others. Thus guilt is more intrinsically motivated emotion while shame is more extrinsically motivated. Shame has also been found to be related to externalizing responsibility (Tangney et al. 1992). Therefore, emotions of guilt may motivate individuals to acknowledge responsibility and to engage in socially responsible behavior in order to repair past transgressions. Emotions of shame may motivate individuals to avoid behaviors that could cause harm to others or social well being for fear of external sanctions or to engage in SRB in order to enhance reputation.

Sympathy. Sympathy involves understanding another’s emotional state or condition and feeling sorry or concern for the other. Sympathy involves recognition of a negative discrepancy between the other’s current and potential states on one or multiple dimensions of well-being and motivates people to increase the other’s well-being (Eisenberg and Miller 1987).

Sympathy is less psychologically demanding than empathy on the helper. Empathy by definition requires the helper to experience the same or similar emotional states as those of other people she seeks to help (e.g., a person sees a sad person and consequently feels sad) (Eisenberg and Strayer 1987; see also Salovey and Mayer 1990). In the extreme, empathy could generate a heavy emotional burden on individuals and lead to emotional burnout in the long run (Maslach 1998). For example, experiencing prolonged sadness while engaging in socially responsible behaviors such as providing food and medication for third world countries could

depress one's energy and lead one to feel overwhelmed and powerless in the face of large scale suffering. Experiencing negative emotions in a prolonged way can even be physiologically toxic for the helper (Frost 2003).

Furthermore, personal distress (e.g., a person feeling anxious when seeing someone who is sad) is an aversive reaction which is focused on oneself that leads to pro-social behavior only when that is the easiest way to reduce one's own aversive emotional state. Therefore it is considered to be egoistically motivated emotion.¹⁰ Sympathy is viewed as an other-oriented, moral emotion that fosters altruism (Batson 1998). Many empirical studies have found a positive relation between sympathy and prosocial behavior, and a negative or no relation between personal distress and prosocial behavior (Batson 1998; Eisenberg 2000). Thus, a sympathetic person can develop more emotional and behavioral resilience in helping others by trying not to experience others' negative emotions in a prolonged and intense manner.

Central to our interests, moral reasoning has been found to interact with sympathy to increase the likelihood of helping behavior (Miller et al. 1996). People who are more able to regulate their emotions are more likely to experience sympathy than personal distress, which suggests the importance of training in emotion regulation and personal development. For example, people who are induced to experience sympathy for a member of a stigmatized group actually developed more tolerant attitudes toward those individuals weeks later (Batson et al. 1997). Developing sympathy may cause enduring changes in a person's concern about others' welfare which helps sustain socially responsible behavior.

¹⁰ Some scholars still debate whether pure altruism exists, as sympathy for another likely leads to extending the boundaries of the self to include others, and thus makes helping others less selfless (Cialdini et al. 1997). Feeling another person's need as one's own motivates one to help to reduce that need (Batson, 1991). The pure altruism debate (motive) seems, however, tangential to the social behavior as a desirable outcome.

We have explored evidence from the psychology literature on the role of cognitions, identity, values, and emotions in predisposing SRB. However, the model of SRB illustrated in figure 1 remains rather static -- correlating behavior and psychological characteristics. Central to the argument developed in this paper is the question: how does character and SRB change over time? What factors explain their evolution within a given organization? This is an important step in the analysis, since it attempts to describe the mechanisms underlying the dynamics of the diffusion and change in the enactment of socially responsible behavior as we wish to explore how individual virtue might result in organizational virtue, and vice versa. Organizational virtue, following Solomon (2004), is expressed when the organization acts as a responsible citizen and develops its specific competencies for the common good.

TOWARDS A DYNAMIC MODEL OF SOCIALLY RESPONSIBLE BEHAVIOR

We propose that the evolution of SRB over time can be described as a function of four sets of factors: 1) **feedback from the enactment of such behavior** to its psychological antecedents (i.e. the idea of practice forging character and habit, as described above); 2) **the diffusion patterns** of SRB within the organization and the environment in which individuals are acting (i.e. how organizational virtue can result from the development of individual virtue in the organization); 3) certain characteristics of the **organizational context**, such as the type of incentive systems in place or the corporate culture ; and 4) certain types of **deliberate attempts to develop** or influence the development of character (or personal development) in organizational members (e.g. training programs).

Insert Figure 2 about here

Feedback. The enactment of SRB could have a positive influence on the various personal characteristics that would then prime future SRB. Affectivity and sympathy, for instance, might very well be enhanced by performing volunteer work. Organizational virtue may also result from practices that develop routinized behavior at the collective level, under conditions of relatively high frequency and homogeneity (Nelson and Winter 1982; Zollo and Winter 2002). In this way, SRB might involve the repetition of similar acts aimed at the enhancement of social welfare in order to integrate this behavior in the individual's ongoing decision-making and action patterns. Importantly, though, the routinization process is supported by additional feedback mechanisms that positively reinforce character through increasing levels of satisfaction. To the extent individuals feel a sense of profound accomplishment from the realization of the social initiatives (*cf. eudaimonia*), they might also become increasingly sensitive towards social issues, and capable to bring forth and realize novel initiatives in this domain. However, more importantly, the repetition of action in favor of social welfare, through the crystallization of habit, becomes part of *who one is*.

Diffusion patterns. Another source of possible influence on the development of SRB has to do with the diffusion patterns of SRB and psychological characteristics within the organization. In other terms, although the focus of Aristotelian ethics is on the development of *individual* virtue (Solomon 2004), it is interesting to explore the idea that the enhancement of the latter will eventually enhance *organizational* virtue (Cameron et al. 2004). Weeks and Galunic (2003) describe the evolutionary patterns through which a given *meme* (a concept, a belief or a behavioral pattern) such as the importance to contribute to societal welfare, will diffuse through imitative processes. That will clearly enhance the internal legitimacy of these types of initiatives, and

therefore reinforce the likelihood that the “pioneers” will produce more of them. Such role modeling is an important mechanism through which virtue can be acquired. Role modeling is a central mechanism in transformational leaders’ influence; and, as noted by Bass and Steidlmeier (1999), virtue is inherently transformational. Thus, the role modeling of virtuous behavior should enhance the diffusion process of virtue in the organization.

Organizational context . In addition to diffusion patterns across individuals, the likelihood of observing change in the level of SRB can be influenced by a number of characteristics of the organization itself. For example, taken-for-granted positive assumptions regarding individual and social well-being demonstrate organizational virtue and increase the likelihood of SRB. It is important to note, though, the possibility of negative organizational influences on the development of SRB at the individual level. This might happen for many reasons, including potential inconsistencies between socially minded initiatives and the strategic choices made by the top management, or other initiatives brought forth with strict economic criteria.

A more subtle influence that the organizational context might have on the development of social initiatives lies in the handling of agency and motivation. Ghoshal and Moran (1996), for example, argue that the degree to which the potential for opportunistic behavior is managed through extrinsic motivational tools (as proponents of transaction cost economics would suggest), will influence the moral and psychological fabric of the organization, producing increasing levels of psychological predisposition towards opportunistic behavior. On the other hand, an organization that prioritizes intrinsic interest alignment, focused on *eudaimonic* processes, such as tailoring job specifications to personal interests and development

objectives, will likely stimulate the development of self-transcendent value systems in individuals and consequently higher likelihood of producing SRB.

Interestingly, this applies also to the approach taken by the organization towards the problem of enhancing the quality of its response to societal expectations. Efforts in this sense have, in fact, predominantly been focused more on evaluation and regulation of specific *behavior* than on personal development, *i.e.* the *antecedents* to such behavior (Maclagan 1991), the latter involving a change of mindset as to how responsible behavior is best developed. As noted by Maclagan (1983), responsibility can be defined externally, via formal role descriptions, ethical codes, performance evaluations, etc. However, the idea discussed in this paper is, when responsibility is subjectively or internally defined, the individual will more likely be proactive in initiating change and social action.

Training and development. Finally, we can consider the adoption of practices aimed at stimulating the development of the personal characteristics linked to SRB. To the extent that an organization invests in these practices, such as training programs or employment involvement programs, the likelihood of generating social initiatives increases since the psychological characteristics described above will correspondingly be enhanced.

One example is the recent introduction in Microsoft of an employee involvement program according to which employees can dedicate up to 3 days a year to working with social agencies or other external institutions and contribute to tackle problems of social or environmental nature. This can be seen as a “behavioral treatment” aimed at stimulating the degree of awareness of the company’s social responsibilities in organizational members. This might or might not be supported by

additional investments through more standard approaches, such as management training programs focused on CSR topics.

Given the above discussions, the more the programs are focused on making responsibility a *personal* matter and strengthening moral identity, the more effective one can expect them to be in promoting SRB. Recent innovative developmental approaches focus on introspective and meditative practices, which are currently subject of considerable experimentation in corporations and business schools (see Conlin 2004). Such pedagogical devices may facilitate the development of virtue in organizational members. Finally, given that virtues have to do with ideals of who one wants to be, it seems natural that training programs focused on role modeling and mentoring by, for example, transformational leaders (Bass and Steidlmeier 1999), might have a positive impact on developing virtue and SRB within the organization.

Whether and under what conditions these different developmental approaches are more or less effective than the more traditional ones is an inherently empirical question, but one worth highlighting for future scholarly work. Irrespective of their relative degree of effectiveness, though, the net result of the approaches that encourage personal development are expected to result in the enhancement of cognitive functioning, personal values and emotional dispositions consistent with the increasing enactment of socially responsible behavior.

CONCLUSION

Undoubtedly, the debate regarding the role of business in society will continue. Are CSR activities to be considered as “stealing from stockholders” or “double taxation” (as seen by advocates of the maximizing shareholder value paradigm)? or as possibly instrumental to increased profit: “CSR pays” or “Good business is good business”?

Moving away from the instrumental view, we propose that integrated CSR can be seen as an enactment of organizational virtue: social issues are integrated into daily decision-making and strategic focus, i.e. into the organization's *way of being*.

For this reason, we need to better understand the role of character, both corporate and personal, in promoting integrated CSR, as well as how “doing” and “being” interact over time to develop virtuous cycles that will enhance socially responsible behavior. As we have seen, SRB is seen as having **intrinsic value** for the individual, the corporation, and society, and as driven by internal standards rather than external rewards and sanctions. Thus individuals within organizations exercise choice which may rely more on their identity, character, and personal judgment, than results and outcomes. Such a view raises questions on the appropriateness of predominant performance-oriented incentive and evaluation systems.

We define socially responsible behavior (SRB) as a pattern of decisions and actions which promote societal well being.. In the long term we believe that shareholders will benefit when stakeholders needs and concerns are integrated in strategic decision making. This approach recognizes the complexity and interdependence of the organization and its stakeholders, including shareholders, and is in line with the Aristotelian emphasis on the importance of quality connections with the larger community

Given the increasing interdependencies of various constituencies due to globalization as well as the multiple, often conflicting demands of different stakeholders, the ultimate goal of SRB is to arrive at the common good. In line with Sternberg (1998; 2001), the common good is arrived at when a *balance* is struck between these various interests.

Also, as organizational virtue will differ between organization depending on their specific competencies and the context in which they evolve, *voluntary*

responsible behavior will be more effective than an emphasis on compliance with laws and regulations. As noted by Hobbes (1651, as cited in Dawes 1980), coercion has its limits. According to him, not only is authoritarian government costly and inefficient, coercion motivates to go around the rules. Dawes (1980) argues that cooperation (in contrast to coercion), depends on opportunities for communication, getting commitment, and clearly articulating moral vision. Further research could examine more closely how managers as moral agents handle these social dilemmas: how do they recognize the needs and demands of various stakeholders?; how do they engage in dialogue?; how do they create commitment to joint problem solving?; And how do they establish themselves as legitimate moral partners?

While much of the discourse regarding CSR remains at the organizational level of analysis, we have focused on individuals in organizations as moral agents. What are the psychological characteristics linked to the enactment of socially responsible behavior? We have proposed that **cognition, values and emotions** provide a useful framework for this investigation. This framework goes beyond simple lists of traits and behaviors to propose a broader view of the psychological character expected to lead to SRB. For example, cognition is involved in the recognition and interpretation of moral issues, and the sense of personal responsibility. Furthermore, moral identity and personal integrity are thought to be important in terms of coupling moral intentions and aspiration with concrete behavior. Values help to determine the primacy of moral concern, while emotions may provide the impetus to engage in moral action.

We have also discussed the limitations of ethical training approaches that focus on duty, obligation, and constraint. Training that is directed at making responsibility a *personal* matter, such as meditation or role modeling, may be more effective than “teaching ethics” or codes of conduct. “OB might openly embrace

individual learning and growth. It is an end worthy in itself, independent of its value for firm performance (...) how individual growth in organizations may further the public interest” (Walsh et al., 2003).

We have proposed a model that allows for the dynamic evolution of SRB within the organizational context. Based on the idea of *praxis*, we have argued that by enacting these behaviors they become routinized, integrated in strategy and embedded in the organization culture. Furthermore SRB can be influenced, either positively or negatively, by organizational policies and practices, e.g. incentive structures and training and development opportunities. Further research could explore how these dynamics of “doing” and “being” evolve over time, and how the interaction between the individual and the organization evolves i.e. how individual moral agency influences the organization and how organization policies and practices promote individual level SRB.

Other future research might investigate more in detail how the specific virtues can be linked to evidence from extant psychology literature. Integrity is a cardinal virtue according to Aristotle (Solomon 1992), as is practical wisdom. It would be interesting to explore further how the practical wisdom framework could enlarge our understanding of SRB. Also, are there other links between the psychological characteristics of the SRB model and the specific virtues as theorized by Aristotle, but also by Plato, Confucius, and The Buddha? This theoretical research might open up new avenues for qualitative and quantitative psychological research on virtuous behavior in organizations.

In conclusion, in their investigation of the language used in the *Wall Street Journal* for the last century, Walsh et al. (2003) found that vocabulary reflecting aggressive business competition (“win”, “advantage”, and “beat”) have increased systematically for the past century. Whereas words that reflect a more virtuous view

of business, such as “virtue”, “compassion”, and “caring” have practically not been part of the vocabulary until recently (e.g. Dutton et al. 2002; Frost 2003). The challenges inherent in contemporary CSR debates, especially questions of integrated CSR, provide new relevance for a reflecting in terms more related to a virtues approach. A key challenge is to go beyond making the business case that “CSR pays” and to demonstrate how CSR is an inherent part of good business practice, just as SRB is an intrinsic part of “living good life” and personal well-being. To attain this, organizational members need to experience how this intrinsic value is reflected in the positive effects such attitudes and behavior might have on their own daily life. The hope is that, by providing occasions for their individual members to learn, grow, and develop their potentials, business organizations will enhance their role as good corporate citizens.

FIGURE 1
A model of Socially Responsible Behavior

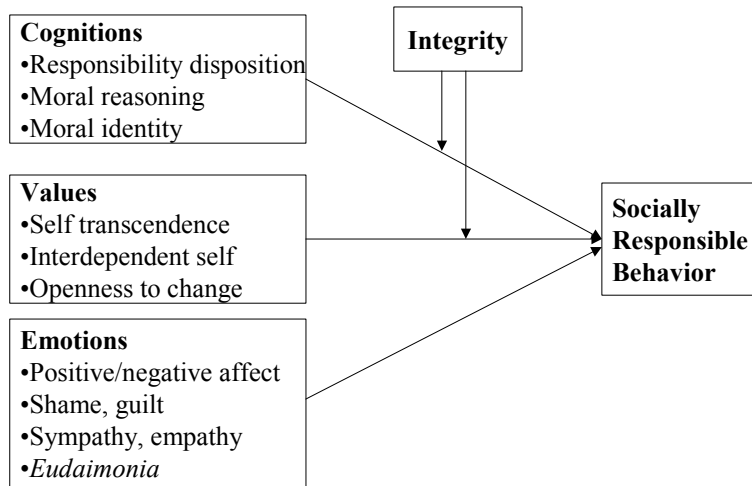
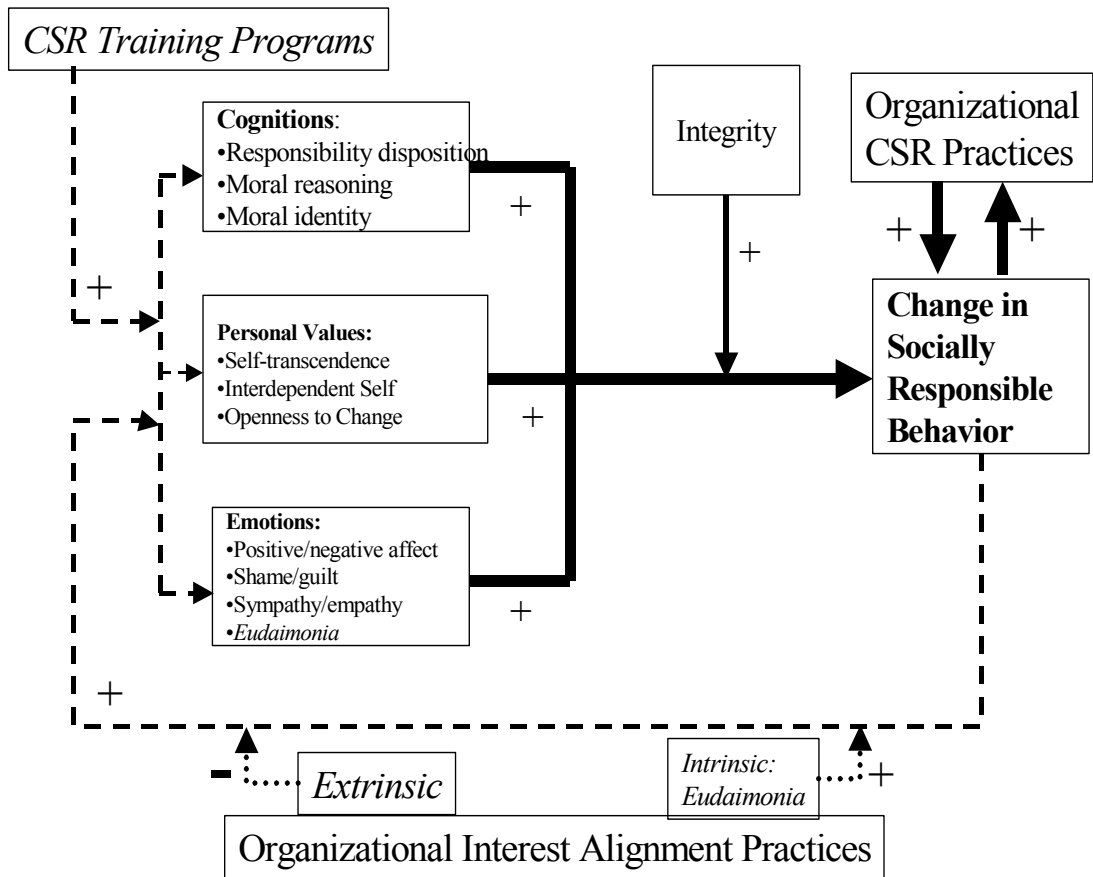


FIGURE 2:

A Dynamic Model of Socially Responsible Behavior



APPENDIX 1

Constructs Related to SRB

Transformational leaders foster higher levels of morality and “more principled levels of judgment” in their followers (Burns 1978:455).

Transformational leadership must be grounded in moral foundations: the leader’s moral character, the ethical values embedded in the leaders’ vision and actions, and the morality of processes of social ethical choices and actions. (Bass and Steidlmeier 1999).

“**Charismatic leaders** ... increase follower’s self-worth through emphasizing the relationships between efforts and important values... Having complete faith in the moral correctness of one’s convictions gives one the strength and confidence to behave accordingly.” (Shamir et al.,1993 : 582),

Ethical leadership: are perceived as having traits such as honesty, trustworthiness and integrity (most frequently cited); **behaviors** such as doing the right thing, showing concern for people, being open and communicative, and demonstrating morality in one’s own personal life (Trevino et al. 2003).

Moral managers make ethics explicit and salient, role model, communicate regularly and persuasively, and reward ethical conduct (Trevino et al. 2000).

Ethical decision-makers are seen as having a solid set of ethical values and principles, being objective and fair, and demonstrating concern for the broader society and community (Trevino et al. 2000; see also Jones 1991).

Organizational citizenship behavior (OCB) is considered to be extra-role, discretionary, not rewarded (intrinsically motivated), directed at individuals or towards the organization, and that serve to promote organizational effectiveness. Factors underlying these behaviors have been identified as: altruism, conscientiousness, sportsmanship, courtesy, and civic virtue (Organ 1988). OCBs have been differentiated on the basis of compliance versus altruism (Smith et al. 1983).

“**Prosocial organizational behavior (POB)** can be role prescribed or extra role and is performed with the intention of promoting the welfare of the individual, group or organization toward which it is directed” (Brief and Motowidlo 1986: 711).

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