Organization moral identity and antecedent trust in transformational leaders

Title: The organization moral identity and organizational effectiveness

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Drawing from the Aristotelian Virtue Ethics tradition as revised by Alasdair MacIntyre, this paper advances the concept of *organization moral identity* which, it claims, underpins antecedent follower trust in transformational leaders. This is the result of Social Categorization processes. It further proposes that where organization identification is reinforced through an ethical culture it creates a virtuous circle that increases organizational effectiveness. In this way the paper makes a contribution to the Positive Organizational literature. The results of two qualitative case studies are used to illustrate the concept of organizational moral identity.

INTRODUCTION

This paper is primarily concerned with the centrality of moral agency in business ethics, as opposed to the imposition of external rules and regulation to determine right or wrong conduct (Weaver & Treviño, 1994).

Moral agency is central to the virtue ethics tradition since to act virtuously is … 'to act from inclination formed by the cultivation of the virtues' (MacIntyre 1985: 149). The same may be said of social identity theory since identity is something deeply embedded in one's being which manifests itself in action (Erikson, 1964). Weaver (2006) elaborated the theoretical relationship between the virtue ethics tradition and social identity theory and found that it offered much promise for future theoretical and empirical work.

This paper integrates the two perspectives through the development of a theoretical model of organizational moral motivation and leadership effectiveness. In this integrative effort, virtue ethics acts as the all-encompassing framework, operating within a critical realist epistemology, with social identity playing a complementary role. This avoids the potential pitfall arising from the role of shared cognitions in the development of moral identity which, as Weaver (2006) explains, may become so reified as to undermine articulacy regarding virtue.

The concept of 'organization moral identity' formulated in the part 3 of this paper is a metaphorical device which does not take sides on the debate as to whether organizations have moral agency (on this debate see, for example, Pfeiffer & Lanham (1995); Phillips, 1995; Velasquez, 2003). It rather reflects the fact that organization contexts can reinforce or undermine the development of virtues or a moral identity in the organization. 'Behaviour in conformity to an identity typically reinforces that identity….identity is also susceptible to influence insofar as any form of schematic cognition can be influenced by…the taken-for-granted assumptions about "who we are" that are embedded in organizational cultures' (Treviño, Weaver, & Reynolds, 2006).

A similar concept to the organizational moral identity is that of 'institutional character' (Klein, 1988; Moore & Beadle, 2006)[1]. The concept of organization moral identity, whilst acknowledging all the elements of the institutional character definition, seeks also to capture the sense of the organization's self-conception within the wider schema of the community tradition.

[1] The institutional character is concerned with' those institutional-level virtues 'necessary for an institution to engage in practices with excellence, focusing on those internal goods thereby obtainable, while warding off threats from its own inordinate pursuit of external goods and from the corrupting power of other institutions in its environment with which it engages' (Moore, 2005; Moore and Beadle, 2006).

A key contribution that this paper seeks to make is to draw attention to the impact of the organization moral identity on the perceptions of employees about their leaders. Relying on psychological theories of attribution and influence, the theoretical model developed in part 2 posits that there is a feedback mechanism from perceptions of the organizational moral identity to the perceptions about the leaders' trustworthiness. This is important for the working of the organization where the leaders (as in the senior leaders) are not particularly close to the employees of the organization and responds to Solomon's (1992) emphasis on trust (by which we should infer the virtue of both offering trust to others and being trustworthy oneself) as an essential element for the conduct of business.

Any discussion about virtues in organizations lends itself quite naturally to empirical enquiry since virtues are socially embedded in a practice. In this connection, Weaver (2006) suggested the need for empirical studies on job design and social networks within the organization. Part 4 of this paper is devoted to the description of two qualitative case studies at two law firms. They serve to illustrate how the organizational moral identity far from taking a manipulative stance towards persons and their virtues (Weaver, 2006), is responsive to people's sense of moral rightness understood as the 'harmony between one's motives and one's reasons, values and justifications' (Whetstone, 2001), which is the mark of a good life (eudaimonia). The case studies also shed some light into the relationship between organization moral identity and leadership perceptions and to a lesser extent organizational commitment.

The paper ends with some concluding remarks that summarise the main tenets of the argument and highlight some of its limitations and possible areas for further research. It also includes some reflections on the reasons why the Aristotelian virtue ethics tradition as articulated by MacIntyre (1985) merits particular attention for researchers of business ethics: this is, on the one hand, because it is free from the undesirable individualism that underpins the other traditions (Knights & O'Leary, 2005; Knights & O'Leary, 2006) and also because of its greater ability to break down the dualism between intelligence and emotions that pervades the other traditions.

A final note is that although logically it might have made sense to place the formulation of the concept of Organizational Moral Identity before that of the Model Development, we believe the current ordering offers a better flow to the text for ease of reading and intelligibility.

MODEL DEVELOPMENT

Podsakoff and colleagues (Podsakoff, MacKenzie, Moorman, & Fetter, 1990) showed that 'trust' in leaders was an antecedent to the effectiveness of transformational leadership behaviours. This, however, left unanswered the question of where the source of such trust laid, especially in circumstances where the followers are not particularly close to the leaders (as in the senior leadership of an organization) or are new to the organization. We propose that the source of the antecedent trust in transformational leadership behaviours derives from the *organization moral identity*. This proposition, which has intuitive appeal, may be explained as a result of social categorization processes.

Hypothesis 1: The antecedent trust required in transformational leadership behaviours derives from the organization moral identity.

Social Categorization Theory ("SCT") (Turner, Hogg, Oakes, Reicher, & Wetherell, 1987) offers a cognitive explanation for the formation of social groups and the emergence of leadership based on the principles of Social Identity Theory (Tajfel, 1972). As originally conceptualised, SCT conceived of individuals as identifying with social cognitive frames of reference (i.e., groups) made accessible and salient by the social context (Hogg & Terry, 2000), driven by the need for self-esteem. To this was added an additional concern with subjective uncertainty reduction (Abrams & Hogg, 2004; Hogg, 2001a). A number of researchers in the field of psychology are now taking a broader view of the drive for self-categorization as the pursuit of greater 'self-concept clarity' of which global self-esteem is an outcome (Campbell, Trapnell, Heine, Katz, & Al, 1996; Howell & Shamir, 2005).

The self-concept is a multifaceted, dynamic, structured construct containing evaluative judgements (the emotional response to stimuli – how do I feel?) and cognitive responses to such judgments (who/what am I?) (Archer, 2000; Campbell et al., 1996). Self-concept clarity measures the extent to which the contents of the individual's self-concept are clearly and confidently defined, internally consistent, and temporally stable (Campbell et al., 1996). Under the principles of SCT, individuals will seek to identify with social frames of reference that offer the greatest source of self-concept clarity. Insofar as it is capable of becoming a source of self-concept clarity, the frame of reference acts as an ordering principle of the self-concept and this raises questions of a normative kind (i.e., 'to what end?').

The virtue ethics tradition as articulated by Aristotle and revised by Alasdair MacIntyre (MacIntyre, 1985) ('Virtue Ethics Tradition') may be said to conceive of the self-concept as seeking clarity in view of performing a *role* (self as 'actor'[2]), in a community narrative that is directed by the pursuit of shared goods (or telos) which are interpreted in the light

[2] Not in the sense of Goffman's actor who does things because the role dictates so. Rather, as we shall see, as a subjectively felt commitment to the role.

of the particular community's tradition (MacIntyre 1985: Ch15). The outcome of the performance of the role will determine the merit or guilt of the individual in the presence of the community, and is felt by the individual as personal success or failure (subjective merit or guilt). This involves the individual in a moral drama; the individual is conscious of living a life with moral content. And it imposes on the individual demands of intelligibility and accountability to himself, the individual's relations and the community: 'all attempts to elucidate the notion of personal identity independently of or in isolation from the notion of narrative, intelligibility and accountability are bound to fail' (MacIntyre, 1985: 218).

Successful participation in the narrative is a desirable goal (and therefore one which the individual actively seeks out) because through it the individual grows in his or her qualitative appreciation of the shared goods and in his or her capacity to participate in their pursuit (MacIntyre 1985: 187). In other words, the individual becomes a better and more willing 'actor' in the narrative; and since acting the role makes him feel subjectively meritorious, so such personal improvements render his life more satisfactory - or more meaningful (Pratt & Ashforth, 2003)[3].

Through the pursuit of the shared goods the individuals acquire habits, which may be called 'virtues'[4].

The above implies that individuals will actively seek ways to perform their role in the narrative. Organizations as collective social actors capable of holding an 'identity' (Corley, Harquail, Pratt, Glynn, & et al., 2006; MacIntyre, 1985; Whetten, 2006) can offer a channel through which individuals may discharge a social role in the community narrative. As such they may become a desirable frame of reference for the purpose of self-categorization under SCT principles. Since such a frame of reference acts as a normative standard, we may describe it as the 'organizational moral identity'.

The self-concept is both a structure and a process (Amiot, de la Sablonniere, Terry, & Smith, 2007; Greenwald & Pratkanis, 1984) and therefore it is able to sustain the sense of continuity implicit in a narrative 'role' with SCT's emphasis on self-conceptions as responsiveness to situated stimuli - and thus highly malleable, fluid and dynamic (Onorato & Turner, 2004). By adopting a role as the principle of self-concept clarity, the self-concept becomes capable of integrating and synthesizing the multiple experiences derived from a continuous succession of self-identifications (Amiot et al.,

[3] Note the parallels with the social psychology literature concerned with the development of perceptions of self-efficacy. Such perceptions are derived from the favourable judgements about one's motivation for acting and the positive expectations of others that result from investing oneself in an activity (Bandura and Cervone 1986; Kruger et al. 2003; Weaver 2006).

[4] 'A virtue is an acquired human quality the possession and exercise of which tends to enable us to achieve those goods which are internal to practices and the lack of which effectively prevents us from achieving any such goods' (MacIntyre 1985: 191)

2007). It also makes it possible to avoid the narrow view that self-categorization as part of a given group necessarily leads to conflict against other groups (Tajfel & Turner, 1979). In fact, the self may be able to adopt a reconciliatory perspective towards the different groups (Amiot et al., 2007) in view of the shared goods or telos.

Hypothesis 2: The organizational moral identity is a social frame of reference that offers a source of clear, stable and consistent principles for the aim of achieving self-concept clarity, so that members will seek identification with it.

Once members identify with a given frame of reference they will tend to perceive and evaluate themselves and others through the lens of that frame of reference and they will attribute influence to other members who best embody such identity (prototypical members); in addition people who are subjectively important and distinctive (such as leaders) will be seen to be disproportionately influential and have their behavior dispositionally attributed (Abrams et al., 2004; Hogg, 2001a; Hogg, 2001b).

It follows that where the organization has a moral identity leaders will benefit from the attribution to them of moral characteristics and will be trusted by the organizational members. Moreover, to the extent that the followers come to know the leaders and such attributions are confirmed by the leaders' behaviors, more moral leaders will be deemed to exercise more influence over the group. In turn, such perceptions will increase further the trust placed on the leaders and the willingness of followers to comply with the leader's demands.

Hypothesis 3: The source of antecedent trust in leaders follows from the attribution to the leaders of moral characteristics derived from the moral identity of the organization.

Hypothesis 4: More moral leaders will be more effective leaders.

It follows from the above that it is in the interest of the leadership to promote a salient organization moral identity and to procure that members identify with it. Identification may be felt as situational or deep (Ashforth, Harrison, & Corley, 2008). Identification becomes deeper as it is enacted. **'**Behavior in conformity to an identity typically reinforces that identity; consequently, organizational contexts that provide opportunities for ethical behavior should help to reinforce moral identity' (Treviño et al., 2006). The organization should put in place formal and informal organizational structures and systems which can sustain an 'ethical culture' (Treviño et al., 2006).

The depth and frequency of interaction with others have an important role in influencing the development of a particular identity (Stryker, 1980; Stryker & Serpe, 1982; Weaver, 2006). Interaction with virtuous persons also provides modeling and learning-based pressures (Bandura, 1986; Weaver, 2006). Moral role modeling by the leader in situations of close relationship between leaders and followers will foster the development in followers of a moral identity.

Hypothesis 5: The moral behavior of leaders and the implementation of an ethical culture will augment the salience of the organizational moral identity and will lead to greater follower identification with the organization.

We may represent the above propositions in the form of a model graphically as follows:

Insert Fig. 1 from the end about here

THE **TY**

As social actors, the pur place in the context of 'practices'[5]. Making a clea e a debate but it does not offer much in the form of p debating. Becoming a member of a debating club and debating assiduously can lead to excellence in the art of debating. The debating club is an institution. The activity of debating assiduously with a view to excellence in debating is a 'practice'. The art of debating is the 'internal' good of the practice. The institution is maintained (and thus the practice made possible) through 'external goods' such as money collected from members. Both internal and external goods are necessary, but the latter are auxiliary to the former. All of them exist for the purpose of maintaining the overall community narrative of which the art of debating is a shared good.

To foster a practice requires accordingly the right balance between external goods and internal goods. 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 the case 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…' (MacIntyre, 1985: 190-191).

As with individuals, we may speak metaphorically of the habitual ways of acting of organizations in order to foster a practice as 'organizational virtues' (Chun, 2005). Organizational virtues are not an end in themselves (Moore et al., 2006). Because the organization is accountable to the community, such virtues cannot be seen in isolation from the virtues needed by the individual to conduct his or her life outside the organization. At the very least, they should not create conflicts between the different responsibilities of individuals in the organization and in the wider society (e.g., as parent and as company employee). The role of the organization as a 'carrier of a practice' is

[5] The original definition of a practice offered in MacIntyre 1985: 187 is: 'any coherent and complex form of socially established cooperative human activity through which goods internal to that form of activity are realized in the course of trying to achieve those standards of excellence which are appropriate to, and partially definite of, that form of activity, with the result that human powers to achieve excellence, and human conceptions of the ends and goods involved, are systematically extended'.

subject to the same demands of intelligibility and accountability to itself and the community as the individual. MacIntyre will include amongst the virtues justice, courage, integrity, as well as the sense that one belongs to a tradition. However, even those virtues need interpreting in the correct way to ensure that they truly serve the pursuit of shared goods.

Hypothesis 6: We may now say that the organization moral identity takes the following traits:

- It sustains a practice that promotes internal goods with a view to excellence.
- The external goods are subservient to, and exist for the sake of, the internal goods.
- The interplay of internal and external goods must meet the twin demands of intelligibility and accountability to itself, its members and the broader community in the light of a particular community tradition.
- It manifests itself in the form of organizational virtues.

The organization identity may be more or less moral depending on the extent to which it satisfies the above criteria. Its potential outcomes are the organization identification of its members and the trust in transformational leaders.

The organization moral identity does not conflate with the individual's role narratives. It derives from past chains of interaction but it is pre-existent to, has relative autonomy from and exercises causal efficacy over the present generation of members. Individuals confront and interpret it through the lens of their own personal narratives, and can transform it through their investment in the social role (Archer, 2000: 217-218). In this way the tradition develops without breaking (MacIntyre, 1985: Ch. 15).

The organization moral identity should not be confounded with post-modern approaches to narrative construction, such as the idea of sensemaking 'as invention' (Weick 1995: 15). Behind the creativity implied by the concept of invention, there is potentially a void of accountability in the interest of pragmatism: 'Sensemaking allows people to deal with uncertainty and ambiguity by creating rational accounts of the world that enable action' (Maitlis, 2005). A narrative based on Virtue Ethics would seek to work through confusion and ambiguity to give each one their due in view of a shared past and a shared future. These efforts may be fruitless in some situations, so that the two approaches may in practice deliver the same outcomes. However, the difference in the two perspectives will continue to be present at the level of intentions, and intentions tend to become apparent through a course of dealing between actors (e.g., between organizational members and the organization) over a more or less period of time. Accordingly it is important for a moral identity based on Virtue Ethics to avoid the pragmatism of post-modernist approaches to 'sensemaking'.

CASE STUDIES

Introduction

Law firms offer good potential illustrations of the concept of 'practice' - as is in fact implied by the epithet 'legal practice'. In his review of the literature on professional service firms Hillman defined such firms as both a 'commitment to a calling' and a 'service orientation' (Hillman, 2005), which echo the ideas of a vocation to a 'role' and 'the community' dimension of the organization moral identity.

In the UK, it is traditional for lawyers to specialize in a particular area of the law and then group in law firms that offer a range of 'specialties'; firms of this type can vary in size from small (e.g., 10 to 50 lawyers), medium (50 to about 150) and large (150 plus). They grow organically or by acquisition. They may practice UK law through one or more offices in the UK and, in some cases also foreign law through offices abroad.

Structurally they will have all the usual support departments of any organization, such as IT, HR, maintenance and marketing personnel. The core staff is lawyers and secretaries. Qualified lawyers are called 'solicitors', and they undergo a 2 year pre-qualification training. Solicitors can acquire the statuses of partners or associates. Equity partners own an equity share in the profits of the firm and are liable for the losses of the firm. 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'. The interviews showed that this issue can become a source of considerable anxiety for Associates.

Law firms can be broadly categorised by reference to the focus of their work into 'corporate' or 'commercial', and 'non commercial' (e.g., a law firm specialised on personal injury or criminal work). Brickson (2005) has found that corporate firms in the City of London tend to activate a relational or individualistic orientation amongst its members; and she has also argued convincingly that it is in this manner that they are able to make their particular contribution to social value (Brickson, 2007). However, cultural differences will be found across departments within firms because of the different nature of the work they carry out. In general non commercial firms tend to offer a better 'work-life' balance than 'corporate' law firms, although the earning potential is also lower.

We refer to 'regional' law firms or offices to mean law firms or offices in the UK, outside London.

Methodology

In order to gauge the moral identity of the organizations and the impact on leadership trust and employee identification, the authors adopted a methodological between-method triangulation (Denzin, 1970) approach based on quantitative surveys followed

by qualitative interviews with members of staff, against the background of a critical realist epistemology. The description of the case studies given below is only a partial account since they focus only on only some of the findings and only on the qualitative aspects of the studies.

The analysis of the cases adopt a narrative approach which treats organizations as socially constructed and sustained by means of social, political and symbolic processes (Berger & Luckmann, 1966; Humphreys & Brown, 2008; Pfeffer, 1981). 'As the social processes from which organization emerges crucially involve the dialogical exchange of narratives, so our task as researchers is to analyse adequately the resulting polyphony (Hazen, 1993) or 'heteroglossia_ (Bakhtin, 1981) of simultaneously and sequentially occurring vocalities (Ford and Ford, 1995)' (Humphreys et al., 2008). Accordingly, short extracts of conversations with employees will be relayed and an interpretation will be offered that seeks to make sense of the whole and sheds some light on the underlying organizational dynamics.

Case 1 addresses the dilemma for the organization moral identity posed by Corporate Social Responsibility type activities. Case 2 is broader in scope seeking to articulate a definition of the legal 'practice'.

Case Study 1: International legal firm

This UK corporate law firm with an international presence has been named for a number of years as one of the best places to work in the UK. It has an established reputation as a place that offers good training, good client care and good quality legal work. Yet, it has also known prodigious growth in both turnover and profits in the last two decades.

We surveyed all the staff in one of the regional offices of this law firm with about 250 employees; the collection success rate was about 50% evenly distributed across the firm. We then interviewed individually 4 volunteers: 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), we considered this group to be a sufficiently representative sample. In any event, the firm was not prepared to grant further access. The interviews lasted between 45 minutes and 1 hour and were highly structured: basically we presented charts showing the outputs of the surveys and asked the interviewees for their views on them.

The role of CSR in the 'practice'. Law firms, like many other organizations, have adopted in recent years employee Corporate Social Responsibility ("CSR") programmes through which employees volunteer in local schools and other community forums. This case shows that the role of such activities in the 'practice' is still unclear with potential implications for the organization moral identity.

One of the scales we used in the surveys was the Corporate Citizenship scale (Maignan & Ferrell, 2001) which offers a continuous measure between 'reactivity' and 'pro-activity' in the discharge by organizations of their Economic, Legal, Ethical and Social Responsibilities to their stakeholders. There was a significant difference in the scores between the Ethics dimension and the other three dimensions. When we presented the corresponding figures to the interviewees, we were surprised to find that three of them made a connection between the practice of CSR and the relatively lower score on Ethics.

Assistant solicitor in the Property department:

> *'… I don't do it* [CSR] *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.'*

Salaried partner:

> *'…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....!'*

We may interpret these 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 cruiseship episode 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.

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

What did the other two interviewees think?

Equity partner:

> *'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.'*

Solicitor in corporate department:

> *'It's great. Everyone does it, solicitors, secretaries, everyone'.*

This solicitor went on to explain how the previous Friday she had worked through till 2.30 am and was planning to take Monday off. Instead '*came into the office to clear up and then because I had promised it to the client, went off to deliver the documents to the client. And it was great…*' Which calls to mind something else that the corporate partner said: '…*I make a big effort to reward and treat my staff well. For God's sake they are giving their lives to this organization!*'

What these extracts seem to show is that CSR has become part of the organizational narrative on work-life balance. The equity partner is effectively concerned about the 'accountability' of the organizational narrative (work load and CSR expectations) to the lives of its members, although these concerns are not recognized by the young lawyer (who works for him). It is possible that as the young lawyer acquires more experience she will come to face the sort of existential anxiety that, according to many of the accounts given at the two law firms, more senior lawyers (especially Associates) have to live with. This was explained neatly by the salaried partner as the fear that despite all their hard work they might lose their jobs and then '*no one would be there to pat their backs and say thank you for all your hard work'*. The surveys showed that many of these more senior lawyers reported lower scores on firm identification.

From this perspective, CSR raises issues about the overall accountability (and thus morality) of the legal firm (with its hard work ethics) to the community and specifically to the lives (role narrative) of its members.

Case Study 2: Regional law firm

This case concerned a middle size regional firm (about 100 employees) in the North of England. We surveyed 87 employees. The firm had traditionally focused on personal injury and criminal work but it now wished to bolster its corporate activity. To this end, it had undergone a change of corporate image, which included the adoption of a new name and firm logo, a new mission statement and values, and the recruitment of a few more corporate and commercial lawyers.

The firm was divided into two buildings, corresponding broadly to Personal Injury and Commercial/Criminal law, a situation that created a divide in the minds of employees (e.g., *'we don't know anything about what goes on in the other side of the pond'; 'the lawyers in Personal Injury have a chip in their shoulder'; 'it is like another business'*). In

fact, according to the finance director the firm was more '*like four firms with four different cultures, management, management styles and pay scales*' corresponding to each one of the departments: criminal, commercial litigation, corporate and Personal Injury.

The firm leadership consisted of the four equity partners: A [founder and head of the Criminal Law department], B [head of the Corporate Law department], C [managing partner and head of the Personal Injury Department] and D [head of the Commercial Litigation department]. However, employees did not see them as a coordinated unit ('*the impression is that there is no centralised management system'; 'top management do not agree amongst themselves')*; rather as two separate blocks – A&B on the one hand and C&D on the other: '*There are four managers at the top, but 2 of them [A and B] are so technical that they do not know the meaning of management'; 'The changes are really driven by C and D'; 'A and C do not get on, so end up at each other throat's during meetings...'.*

The contents of the legal 'practice'. 'A' had founded the firm over 30 years ago and owned about 50% of the equity in the firm. He approached us and offered to tell us things about the firm. He regaled in recounting the history of the firm and came across as a natural story-teller. These were his thoughts on the principles that should guide the firm:

> *What distinguished this firm was the quality of the lawyers, as good as those of the City.*
>
> *Clients are not obtained by handing out a card. They are gained by slow familiarity, meeting them on similar occasions a number of times, so that they know that you are 'around' for them.*
>
> *Clients like to be made to feel that they are important*

B had also spent his legal career with the firm and had a strong reputation as a lawyer. However, he seemed uninterested in our study and therefore our impressions of him were mainly through hearsay and observation. He seemed to be always busy either locked up in his office or at times could also be seen speaking on his mobile phone around the courtyard. According to A, B had been too busy *'fire-fighting'.* When we managed to speak to him for a few minutes, he simply expressed dismay at the employees' perception that the equity partners were divided. It was at the firm's annual meeting to which we were invited as observers that he delivered an impressive speech, the core of which was the commitment of the partners to organic growth by their decision to:

> *Open up the equity partnership to salaried partners and by creating new salaried partners and new associates and;*
>
> *Invest heavily in better technology (such as new computers and photocopiers), knowledge systems (e.g. Lexis Nexis) and better training to support staff development.*

If we accept the employees' view that A and B formed a distinct block, we may bring their views together. The focus of A on the pursuit of 'internal goods' (good legal work, loyalty to clients) and his sense of tradition; and B on the 'external goods' (offering promotion opportunities and investing in enabling technology and training) required for the pursuit of 'excellence' in the internal goods, may offer a succinct yet appropriate description of the key elements of a legal 'practice' as more than just a list of credentials. It is concerned with the maintenance and improvement of both individual and collective standards (Moore, 1970) of the professional body and the community.

How did people perceive the changes that C and D were supposedly driving? Here are some illustrative extracts from the interviews:

'There is a growing focus on profits, people matter less…'; 'senior staff…do not really understand that the new image that the firm has chosen…are to be put into practice rather than simply paraded'; '*at times it feels as if I am being asked to work to line up the pockets of people who spend their lives living it large…'*; *'the name change was really for the inside rather than the outside. Somehow to direct attention towards the corporate teams...'; 'law firms don't change'….*

And how did this reflect on their views of C and D? The following is a representative selection of extracts from the interviews. *'D, like C, are trying to create an impression by what they say. But people can see through the marketing talk...' 'When D tells people that 'we are here' to make money, what people think is that she is talking about 'her money' rather than theirs ...'* When the compensation arrangements for secretaries were modified to streamline pay scales so that they lost out on the financial benefits of working extra-time, some of the secretaries thought that they were being made to subsidise the cost of branding materials connected with the change of name of the firm and they attributed this idea to C.

In order to understand these reactions, it is useful to appreciate that the proposed changes were inspired on D's experiences as a lawyer in a big City law firm from where she had joined this regional firm about seven years previously. Many lawyers in this regional firm saw this as a threat. It was precisely because regional law firms offer better work-life balance (albeit lower pay) that many of them had chosen to move to work here. Whilst others complained that the conditions of work in the City were only justified by the very large fees lawyers there charged and the constant flow of work available, neither of which was the case in this firm. C had bought into this vision, without apparent regard for the members, because '*he plans to retire in 5 years, so wants to make as much money as possible'.*

What was the outcome of all this?

D was eventually asked to leave the partnership and it was only on her leaving that a number of new salaried partners and associates were appointed to the firm. One of them said that if she had not left such appointments would never have taken place. A said that he was '*planning to get hold of the reigns again'*. Comparing himself to Roger Federer, the tennis player, he added that he was going to give the '*young ones a good run'*. And pointing the finger up he said that he had warned C to get his act together.

What are we to conclude from this story? Perhaps that far from being passive, A and B were actively keeping away from the changes that C and D were seeking to implement, awaiting the right time to intervene. The vision of C and D did not build on - rather broke with - the existing tradition. A and B, by contrast, seemed to have a firm hold on the 'sense of tradition', which is one of the virtues highlighted by MacIntyre. Their focus was on how to improve the 'practice' rather than revolutionise it. It was an 'enabling' approach towards the role of the members in their own community narrative. It was accordingly the more 'moral' approach.

CONCLUSIONS AND LIMITATIONS

This paper has offered an account of the reason why organizations need to take morality seriously, aside from reputational issues – this is because it founds the antecedent trust in leaders required for transformational leadership.

By adopting the perspective of the Virtue Ethics Tradition as articulated by Aristotle and revised by Alasdair MacIntyre, we argue that the organization can help its members achieve a sense of meaningfulness in their work and in their lives more generally. In this way the paper makes a direct contribution to the Positive Organizational literature.

We also explain how an organization moral identity – when reinforced through an appropriate ethical culture (Treviño et al., 2006) and through role modelling behaviours (Bandura, 1986) - creates a virtuous circle of identification and trust that facilitates the work of transformational leaders and thus the effectiveness of the organization.

The paper makes a further contribution to management theory by teasing out the interrelation between social categorization theory (Turner et al., 1987) and the Virtue Ethics tradition (MacIntyre, 1985) through theory model development. It is proposed that social psychology's understanding of the self-concept can be complemented by imbuing the self-concept with a sense of purpose, as a willing 'actor' in a community narrative sustained by a tradition. The self-concept thus acquires a moral dimension and, in its activities as a social actor, it aspires to 'self-concept clarity' through identification with moral organizations pursuant to the principles of social categorization theory.

The case studies shed some light into the relationship between moral identity and leadership perceptions and to a lesser extent organizational commitment. However we hope that they serve above all to illustrate how the organizational moral identity is responsive to people's sense of moral rightness understood as the 'harmony between one's motives and one's reasons, values and justifications' (Whetstone, 2001), which is the mark of a good life (*eudaimonia*).

Forthcoming work will distil the results of the quantitative surveys and will seek to work a more detailed model of the organization moral identity.

The theoretical model leaves a number of important questions unanswered which may open areas for further theoretical and empirical investigation.

The first is whether the antecedent trust in leaders may find its root-cause somewhere other than in the organization moral identity. Consider, for example, Giddens' (1991) *Modernity's Man*, entrapped in the technical complexity of the social system, a system that due to its inherent complexity is incapable of offering any form of meaningful identity. This type of situation does not prevent member satisfaction and the arousal of some form of trust in leadership. Satisfaction arises from the expansion of potential fields of activities available to members and trust in leadership is conditioned on the leadership's technical ability to ensure the undisrupted continuity of the system. However, Giddens describes the outcomes of this system for the individual as the *sequestration of experience* which sounds hardly like the kind of intrinsic motivational experience – e.g., something capable of meeting the individual's self-determination needs (Deci & Ryan, 1985) leading to a sense of meaningfulness – which is described in this paper.

This leads onto another issue, namely a question about the type of leadership that corresponds to the trust engendered by the organizational moral identity. Knights & O'Leary (2006a) argue that a leadership that is responsive to an organizational moral identity should be 'the embodied manifestation of collective and communal interpretations of appropriate behaviour in particular contexts' and, following Grint (2000), make a strong case for some form of servant leadership over transformational (as in Podsakoff et al, 1990) forms of leadership. One of the concern of these and other authors about the pursuit of specific corporate objectives through transformational leadership appears to be that it would constitute a form of 'manipulation' that would undermine the ethos of the MacIntyrian (1985) schema (Knights et al., 2006; Weaver, 2006). We are not sure, however, that this is necessarily a problem for two reasons. First, because we conceive of the organizational moral identity as a matter of degree rather than in absolute terms: MacIntyre (1985) himself acknowledges that there is bound to be a conflict between external and internal goods, yet both are necessary for the practice to develop. Second, because it is implicit in the virtue ethics schema (as well as Social Identity theory) that the process by which individuals come to appreciate the internal goods of the practice is developmental; in the light of this, it would seem legitimate for the leaders to engage in a transformational process aimed at introducing newcomers freely to a given 'practice' and instilling in them over time a sense of, and appreciation for, its internal goods. In other words, our conception of transformational leadership does not necessarily result in a *manipulative* conception of leadership.

The concept of organizational identification is rooted in the social identity field and bears a parallel in the motivational field with affective commitment (Allen & Meyer, 1990; Meyer et al., 2004). Ashford, Harrison & Corley (2008) have argued that the distinction between the concepts of organizational identification and affective commitment may owe more to disciplinary biases than to empirical differences. We do not propose to enter this debate limiting ourselves to pointing out the fact that further enquiry may find a place for affective commitment in the model.

Finally, whilst organizational identification may well be an outcome of the organization moral identity it may be also the outcome of other matters. As the phrase goes, 'it takes two to tango' and there is an extensive literature showing that people can become

desensitized to moral concerns and become identified with corrupt organizations (Ashforth et al., 2008; Weaver, 2006). Nevertheless the challenges that modern *capitalist* organizations face to engender a sense of loyalty in employees do render a certain plausibility to the proposition that favouring the goods of efficiency (external goods) over those of excellence (internal goods) - a feature of such organizations, which would be considered 'immoral' within the MacIntyrian framework) (Moore et al., 2006) – may run counter to the dynamics of employee organizational identification.

The definition of the organization moral identity also raises a number of issues that demand further empirical and theoretical exploration.

A question that is central to business ethics is whether the Aristotelian virtue ethics tradition as articulated by MacIntyre (1985) is preferable to competing theoretical traditions. Knights and O'Leary (2005, 2006) have convincingly argued that both deontological and consequentialist perspectives, as well as many of the non-MacIntyrian approaches to virtue ethics, involve an individualistic approach to morality which fails to transcend the dualism between self and others and manifests itself in a preoccupation with the self that is essentially amoral. So they claim that 'this society has become amoral because the competitive pursuit of individual success transcends any moral obligation to live the good life, and seek excellence for its own sake rather than for personal material and symbolic reward' (Knights et al., 2006). One of the consequences of amoral relationships is the conceptualizations of organizational dynamics on the basis of 'games, uncertainty and power'(Crozier & Friedberg, 1980), rather than cooperation and trust.

We see one of the key strengths in the MacIntyrian version of virtue ethics that it overcomes this dualism through emphasizing the importance of the community for self-conception at both the individual and organizational levels. This need not mean that principles may not be needed to offer some form of ordering to goods and avoid potential conflicts between the demands of competing practices in the social order. In this sense MacIntyre has turned his attention to the theories of Thomas Aquinas on the ordering of goods[6]. Further exploration of such matters is without a doubt beyond the scope of this paper.

Another aspect in which the MacIntyrian schema may be superior is in its ability to deal with the complexity of the self-concept as a composite of emotions and intelligence, something which may present an obstacle to the other traditions. As MacIntyre (1985: 49) puts it succinctly, 'Just as Hume seeks to found morality on the passions because his arguments have excluded the possibility of founding it on reason, so Kant founds it on reason because his arguments have excluded the possibility of founding it on the passions, and Kierkegaard on criterionless fundamental choice because of what he takes to be the compelling nature of the considerations which exclude both reason and passions'.

[6] For example, Summa Theologiae II-II, q. 58, a.7 ad 2

By founding its normative stance on the 'role' of the individual – a role which is subjectively desired (accomplishment will be felt as merit) yet understood in the light of the community's narrative -, the Virtue Ethics Tradition, it is argued, succeeds in integrating emotions and intelligence (reasons). In addition it deals with the complexity implied by the multiple identity orientations of the self (Brewer & Gardner, 1996), avoiding the oversimplifications of individualism (as in Bentham utilitarianism), contractualism or collectivism (as in Marxism).

How emotions and intelligence intertwine to define the individual's role is something that is attracting increasing interest - see for example, Eisenberg (2000) for a review which focuses on the "moral emotions" guilt, shame, and empathy[7].

An original proposal which avoids the dualist pitfalls of rationalism (Elster, Greenwood) and potential contradictions of intuitivism (Taylor) is advanced by Archer (2000). In a nutshell, she argues that through the emotions we learn about the possible roles we could play and that the actual role is decided through an 'internal conversation' (a concept she borrows from Charles Peirce) in view of our various commitments. Emotions represent commentaries upon our concerns and have generative properties. Initially, they emerge from human relationships with the natural, practical and discursive orders of reality. There is then a further elaboration of them through the internal conversation. "Basically, we 'test' our potential or ongoing commitments against our emotional commentaries which tell us whether we are up to the enterprise of living this rather than that committed life. Since the commentaries will not be unanimous, the conversation also involves evaluating them, promoting some and subordinating others, such that the ultimate concerns which we affirm are also those with which we feel we can live' (Archer 2000: 228). This progressive revision does not mean that the person never achieves a level of stability. Stability is in fact the normal outcome of a mature personality and manifests itself in the adoption of a 'role' in the community narrative.

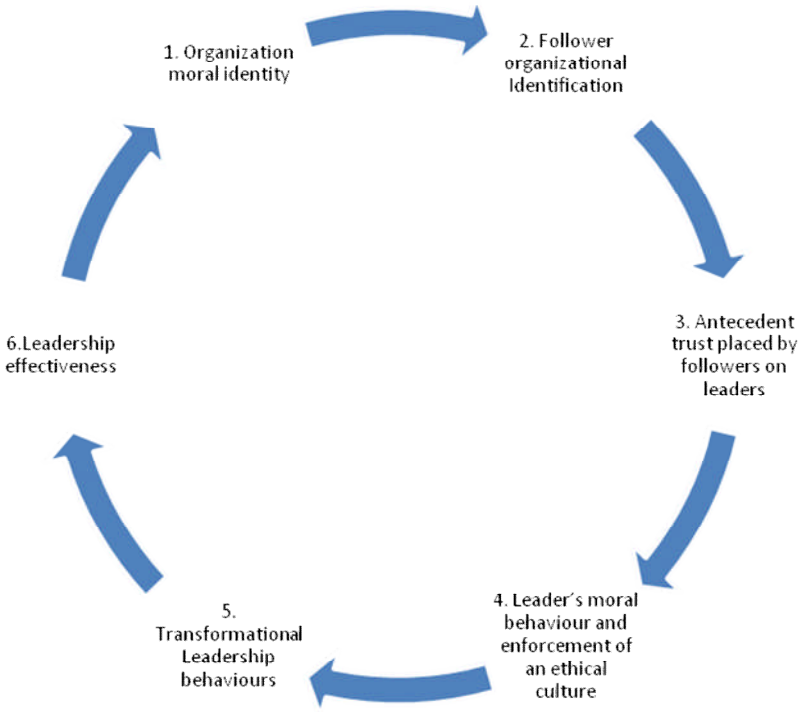
We hope the above paragraphs have succeeded in providing a plausible, if not complete, account of why we have adopted the Aristotelian Virtue Ethics tradition for the purpose of offering a normative source of self-concept clarity. Or, at least, they indicate the kinds of explanatory challenges facing a competing philosophical tradition.

[7] On a more general note of the interrelation between cognitions and emotion, Kohlberg's (1981) stages of moral development is based on the idea that sentiments of empathy develop in line with cognitive growth.

APPENDIX

FIGURE 1

Model Representation



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