Moving towards virtuousness in organization: An analysis of factors affecting virtuous organizations

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A R T I C L E I N F O	A B S T R A C T
	For years, there has been growing interest on virtues, especially in various organizations and progressive companies are exploring their impacts in generating new, holistic, healthy, and human work environments. Many firms are trying to become more sensitive to the requirements of the community and virtuous concerns such as caring, compassion, integrity and wisdom, and less interested in ideas such as efficiency, profitability and competitive advantage. In other words, most firms are going towards virtuous firms. The primary objective of this work is to detect the drivers and principal components of a virtuous firm to put virtues into practice. The study consists of two parts. In the first part, a Delphi study among the informed individuals is conducted and request them to detect the most effective drivers of virtuous firm, while in the second part, we do an exploratory factor analysis to detect the principal factors influencing virtuous organization. The data implemented in this phase include questionnaire responses. The survey distributes 750 questionnaires and collects 574 valid responses. The factor analysis empirically grouped the drivers of virtuous organization into five factors including Leadership, Human Resource, Organizational Culture, Structure and Processes and Care for Community. These five factors describe approximately 81.305% of the total variance. Finally, we ranked the principal factors extracted from factor analysis.

1. Introduction

Virtues and virtuous organization are two terms, which have been neglected in organizational literature and for many years (Rego et al., 2011). Virtues have been conventionally viewed as relativistic, culture-specific, and are more related to social conservatism, religious or moral dogmatism, and scientific irrelevance. There has been little attention to virtues, especially in organizations, but it has remained mostly with no criticism among different managers faced with economic pressures and stakeholder demands (Manz et al., 2008). However, during the past few years, many people have assumed that cultivating virtues, both at the individual and organizational

levels, could improve individual betterment and organizational performance (Cameron, 2010; Wright & Goodstein, 2007).

They emphasized that virtue requires to be added to the business and management research agenda (Rego et al., 2011). In cases of turbulent change, virtuousness serves both as a fixed point, a benchmark for making sense of ambiguity, and as a primary source of resilience, preventing system from any damages. Therefore, we propose to develop the literature on virtuous organization and determine the drivers and principal factors of a virtuous organization to put virtues into practice in organizations.

2. Literature Review

2.1 Virtue and Virtuousness

The ideas of virtue and virtuousness can be defined in different ways in the literature:

- Virtue refers to singular attributes, which represent moral excellence but a virtue is not a product of social convention, it is, in fact, a basic element of the human condition (Cameron, 2011).
- Virtues are the characters traits, which make it possible for one to engage efficiently in a practice by looking for excel in achieving its internal goods while keeping the external excellence of its organizational setting in a position of lesser importance (Cooper, 1987).
- Virtue can be classified as an attribute of personal character, and it possesses cognitive, affective, volitional, and behavioral characteristics (Peterson, 2003).
- A virtue is a trait of character or intellect, which is morally laudable (Flynn, 2008).
- Virtues can be described as the qualities, which make anything a good thing of such kind (Schudt, 2000).
- Beauchamp & Childress provide one of the most popular definitions of virtue (1994, p. 63): 'a virtue is a trait of character that is socially valued and a moral virtue is a trait that is morally valued'.
- Virtuousness is described as the best of the human condition, the most ennobling attitude and outcomes and the highest aspirations of human beings (Comte-Sponville, 2001).
- Virtuousness means the pursuit of the highest aspirations in the human condition (Bright et al., 2006; Rego et al., 2011).
- Virtuousness is the internalization of moral rules, which produces social harmony (Manz et al., 2008).

Virtuousness is related to what individuals and organizations aspire to be when they are at their very best. Virtuousness can be described in connection with meaningful life purpose, the ennoblement of human beings, personal flourishing, which leads to health, happiness and resilience in suffering. It produces "moral muscle," willpower, or stamina in the face of challenges (Cameron et al., 2004).

2.2. Organizational Virtuousness

Organizations impact the conduct of their members, including ethical aspects of their conduct (Trevino & Weaver, 2003). The moral climate and context and social interactions not only communicate moral norms but also they are the process forming the characters of people in the organizations. The good society and the moral of the individuals' characteristics in the society are interactive impacts. Virtues incorporate a linkage between the levels of the individual and his society, allowing one to fit within the social organization. Virtues are necessary moral attributes of individuals, which represent the excellencies and the social organization requirements. Ethics is more organizational issue whereas an organization of virtuous people is not enough to guarantee virtuous organizational decisions, and whereas organizational structures are instrumentally necessary (whetstone, 2005).

Contributing the quality of virtuousness to a firm specifies that the organization is able to support virtuous activities on the part of its members. Virtuousness in organizations, therefore, is associated with transcendent and to elevate behavior of the firm's members. Organizational virtuousness is individuals' actions, collective or cultural attributes, or processes, which enable dissemination of virtuousness in any firm. In addition, no single indicator can compute the multiple indicators of virtuousness and there are three key definitions attributes associated with virtuousness, which help explain its relationships in organizational studies. Virtuousness is related to moral goodness and represents what is good and worthy of cultivation. Virtuousness is also related human beings with individual flourishing. Finally, virtuousness is specified by social betterment, which extends beyond mere self-interested benefit (Cameron et al., 2004).

Virtuousness in organizations is more associated with the behavior of individuals in organizational settings (Seligman & Csikszentmihalyi, 2000; Snyder & Lopez, 2002). Organizational virtuousness is associated with organizational contexts where the "good" habits, desires and actions are practiced and disseminated both at the individual and collective levels (Cameron et al., 2004; Rego et al., 2011; Cameron, 2003). Organizational virtuousness is associated with the attributes characterizing the best of a human resource (Nepean, 2007) and moral value and organizational virtue are more or less correlated (Ahmed & Machold, 2004).

2.3. Characteristics of a Virtuous organization

It is always useful to compare the performance of organizations with their members and to provide people with meaningful work and rewards, organizations often require being successful, which needs to be successful. The main problem is to design firms, which perform at high levels and make sure that they are motivated to handle possible challenges and virtuous organization is a framework to handle such challenges (Lawler, 2004).

Virtuous organization needs to possess attributes and to demonstrate behaviors, which should possess more than a strong values-based culture (Nepean, 2007). Virtuous organizations develop different principles, which inspire good behavior (Magill & prybil, 2001). To reach virtuousness, firms need to develop some necessary characteristics and there are literally many ways to do it (Paine, 2003) such as acting with integrity, honor commitments, strive for excellence, having more fun through work, etc. According to Manz et al. (2008), a virtuous organization needs to have the following eight attributes including responsibility of purpose and constituencies, honestly, reliability, fairness, integrity, respect to other individuals and properties.

According to Chappell (1993), a virtuous organization must have a statement of beliefs, which includes belief in both human beings and nature have inherent worth and deserve respect, belief in products that are safe, effective and made of natural ingredients, belief that our company and our products are unique and worthwhile, people are responsible to cultivate the best relationships with others, belief in providing employees with a safe and fulfilling working environment and finally, belief that the firm is financially successful while behaving in a socially responsible and environmentally sensitive manner.

According to Friedman and Friedman (2009), there are several critical success factors of a virtuous organization such as local community, respect for employees, hiring the disabled employees, diversity in the workplace, ethics and integrity, servant-leadership, customer satisfaction, environment, corporate philanthropy and mission statement. Friedman et al. (2008) specified different principles for virtuous organization including avoiding harming others, respect others' rights, prevent any cheating, be faithful to promises, obey the law, prevent harm to others, help those who need, be fair and reinforce these imperatives in others.

According to Rego et al. (2011), to build virtuous climates, managers must care about how employees perceive the organization and its managers, paying attention to a number of aspects and employees

must be optimistic towards challenges, difficulties and opportunities, be respectful and trustful on acting, etc.

3. Methodology

The primary objective of this paper is to determine the drivers of virtuous organization to put virtues into practice in universities located in province of Yazd, Iran. The procedure we propose is to reach the above-stated research aim consists of two steps. In the first step, we conduct a Delphi study among the informed individuals, asking them to identify the most effective drivers of virtuous organization.

In the second Step, we perform a factor analysis to validate the measurement scales for virtuous organization and to identify its principal factors. The data used in this phase consist of questionnaire responses from employees in three different Universities in Yazd, namely Islamic Azad University, Payam e Noor University and Yazd University. A total of 750 questionnaires were sent out, 250 to each university and a total of 574 valid responses were received.

4. Delphi Study

To find drivers of virtuous organization, Delphi method was implemented. Although we could select the critical variables through the traditional statistical analysis methods, Delphi method was used as a stronger methodology.

Delphi is a method of popular survey technique, which brings consensus of opinions among a set of experts by keeping the unanimity among them. During the past few years, various applications of Delphi have been evolved, worldwide. The application of Delphi process includes planning, decision making, forecasting, impact assessment, etc. Delphi process has also been implemented for different purposes like setting 'goals', finding 'problems', forecasting, developing system. The proposed study of this paper uses 53 measurement items developed on the basis of the literature review:

1. Hiring the Disabled (Friedman & Friedman, 2009)
2. Diversity in the Workplace (Friedman & Friedman, 2009)
3. Respect and caring for Employees (Friedman et al., 2008; Grimley, 2008; Friedman & Friedman, 2009)
4. Promoting Ethics (Whetstone, 2005; Friedman & Friedman, 2009; Sosik et al., 2011)
5. Concerning about the Local suppliers (Saylorr, 2005; Grimley, 2008; Friedman & Friedman, 2009)
6. Concerning about the Environment and the community (Paine, 2003; Friedman & Friedman, 2009; Friedman et al., 2008)
7. Considering virtuousness in organization's mission statement (Whetstone, 2005; Friedman & Friedman, 2009)
8. Considering virtuousness in organization's mission statement as an end not as a means (Barge & Oliver, 2003; Cameron, 2011; Caza & Carroll, 2012)
9. Corporate Philanthropy (Friedman & Friedman, 2009)
10. Allotting a special budget to help the homeless find job and housing (Friedman et al., 2008)
11. Not only concentrating on profit maximization (Ip, 2002)
12. Obeying the law (Friedman et al., 2008; Grimley, 2008)
13. Taking care of customers (Customer Satisfaction) (Friedman & Friedman, 2009; Friedman et al., 2008; Grimley, 2008)
14. Providing employees with a safe work environment (Paine, 2003; Friedman et al., 2008)
15. Providing employees with an opportunity to grow and learn (Friedman et al., 2008)
16. Behaving in a socially responsible and environmentally sensitive manner (Friedman et al., 2008)

17. Honour commitments to customers, teammates, communities, owners, suppliers and partners (Keep promises and contracts) (Paine, 2003; Manz et al., 2008)
18. Strive for excellence (Paine, 2003)
19. Providing employees with a fulfilling work environment (meaningful and joyful work) (Collins, 2000; Paine, 2003)
20. Avoiding harming others (Friedman et al., 2008)
21. Respect the rights of others (Friedman et al., 2008)
22. Help those in need (Saylorr, 2005; Friedman et al., 2008)
23. Being fair (Lawler, 2004; Friedman et al., 2008)
24. Servant leadership (Whetstone, 2005; Maak & Pless, 2006; Pless, 2007; Cameron, 2011; Friedman & Friedman, 2009)
25. Responsible leadership (Maak & Pless, 2006; Pless, 2007; Cameron, 2011)
26. Paying attention to thinking and knowledge acquisition (Lawler, 2004)
27. Employees autonomy and self management (Collins, 2000)
28. Human resource diversity at workplace (Collins, 2000; Paine, 2003)
29. Empowering employees (Paine, 2003; Friedman et al., 2008)
30. Paying attention to employee's development more than their training (Manz et al., 2008; Friedman et al., 2008)
31. Reciprocal relationship and respect between managers and employees (Rego et al., 2011)
32. Organization's culture (Manz et al., 2008; Cameron, 2010)
33. An optimistic perspective toward challenges, difficulties, and opportunities (Rego et al., 2011)
34. A high level of honesty and integrity at every organizational level (Not to cheat or tell lie) (Paine, 2003; Rego et al., 2011)
35. Interpersonal relationships characterized by caring and compassion (Rego et al., 2011)
36. The combination of high standards of performance with a culture of forgiveness and learning from mistakes (Rego et al., 2011)
37. Employees perception of virtuousness in organization (Rego et al., 2011)
38. Employee's self-control (Lawler, 2004)
39. Employee's stability in difficulties and crises (Lawler, 2004)
40. Faithful employees (Lawler, 2004)
41. Courageous employees (Lawler, 2004)
42. Matching managers conduct and words (Lawler, 2004)
43. Vesting authority to employees along with supporting from managers (Magill & Prybil, 2001)
44. Existence of ethical standards for employee's and manager's behavior (Whetstone, 2005)
45. Decreasing the hierarchy (Cooper, 1987; Cameron, 2011)
46. Decreasing the bureaucracy (Cooper, 1987)
47. Going beyond ethics (Manz et al., 2008; Hannah & Avolio, 2011)
48. Down to up hierarchy (Dutton et al., 2002)
49. Optimal use of environmental resources (Magill & prybil, 2001)
50. High quality relationship with employees (Friedman et al., 2008)
51. Considering virtues in organizational policies and processes (Whetstone, 2005; Cameron, 2010)
52. Existence of transparency in organization (Shared information) (Friedman et al., 2008)
53. Penetrating virtues in employee's feelings, thinking and actions (Rego et al., 2011)

Based on these items, the first round of questionnaire was designed. Five-point Likert scales, ranging from five, ''very important'' to one, ''not very important'' were used for scoring of each indicator in the questionnaire. A panel of 40 members from universities and research institutions was formed. The Results of Delphi study are shown in Table 1 and Table 2.

Table 1
Results of Delphi study

Round	No. of distributed questionnaires	No. of valid returned questionnaires	Response Rate	Kendall's W	Chi-square	df	Asymp. Sig.
1	40	30	0.75	.341	307.099	60	.000
2	30	26	0.87	.426	275.222	59	.000
3	26	24	0.96	.783	250.887	56	.102

Table 2
Removal or addition of items in the different rounds of Delphi study

Round	Removals	Additions
1	- Providing employees with a safe work environment - Decreasing the bureaucracy	- Parentism and participatory management - Spiritual leadership - Direct training - Organizational citizenship behaviors - Considering virtues in the culture of community - Respect the social laws - Respect the social values - Managers support in all affairs especially in difficult situations and crises - Considering employee's competencies - Employee's readiness from the point of view of individual characteristics, motives, internal tendency,… - Decreasing formalization and standardization
2	- Parentism and participatory management - Direct training - Decreasing formalization and standardization - meaningful and joyful work - Employees autonomy and self management	- Indirect training through storytelling approach - Employees as competitive advantages for organization
3	-----	-----

Since the Kendall's W of the third round is 0.783 and more than 0.5, so we stop the Delphi study. The final drivers of virtuous organization and their rank according to expert's responses and Kendall's test can be seen in Table 3.

5. Factor Analysis and Data Analysis

Based on the fifty-eight items identified in the previous section, the questionnaire for conducting step two was designed. Five-point Likert scales were used for scoring of each indicator in the questionnaire. The data used in this phase consist of questionnaire responses from employees in three various universities in Yazd, namely Islamic Azad University, Payam e Noor University and Yazd University. A total of 750 questionnaires were sent out, 250 to each university. A total of 574 valid responses were received. An exploratory factor analysis was conducted to derive groupings of the drivers of virtuous organization from the survey data. The results of factor analysis are shown in Fig. 1 and Table 4 to Table 7. Based on Table 4, The Kaiser criterion is 0.899 and the Sig. of the test is less than 0.05. These tests confirm that the factor analysis of the 58 items in this study is generally appropriate. This shows that the degree of common variance among the items is quite high, therefore factor analysis can be conducted.

Table 3
Ranking the drivers of virtuous organization

	Measurement Items	Mean rank based on Kendall's test	Rank
x_1	Faithful employees	41.31	1
x_2	Corporate Philanthropy	41.29	2
x_3	Promoting Ethics	39.94	3
x_4	Servant leadership	39.33	4
x_5	High quality relationship with employees	39.31	5
x_6	Employee's readiness from the point of view of individual characteristics, motives, internal tendency,…	39.02	6
x_7	Employees as competitive advantages for organization	38.08	7
x_8	Considering virtuousness in organization's mission statement	38.04	8
x_9	Respect the social laws	37.98	9
x_{10}	Not only concentrating on profit maximization	37.08	10
x_{11}	Honor commitments to customers, teammates, communities, owners, suppliers and partners (Keep promises and contracts)	36.98	11
x_{12}	Going beyond ethics	36.71	12
x_{13}	Avoiding harming others	36.17	13
x_{14}	Spiritual leadership	35.25	14
x_{15}	Respecting the rights of others	35.25	15
x_{16}	Being fair	35.25	16
x_{17}	Obeying the law	35.25	17
x_{18}	Respect the social values	33.83	18
x_{19}	Allotting a special budget to help the homeless find job and housing	33.56	19
x_{20}	Considering virtuousness in organization's mission statement as an end not as a means	33.35	20
x_{21}	A high level of honesty and integrity at every organizational level (Not to cheat or tell lie)	32.29	21
x_{22}	Interpersonal relationships characterized by caring and compassion	32.29	22
x_{23}	Hiring the Disabled	32.29	23
x_{24}	Considering virtues in the culture of community	32.29	24
x_{25}	Employees perception of virtuousness in organization	30.83	25
x_{26}	Respect and caring for Employees	30.75	26
x_{27}	Matching managers conduct and words	30.75	27
x_{28}	Existence of ethical standards for employee's and manager's behavior	30.75	28
x_{29}	Existence of transparency in organization (Shared information)	30.75	29
x_{30}	Strive for excellence	30.75	30
x_{31}	Organizational citizenship behaviors	30.75	31
x_{32}	Indirect training through storytelling approach	27.79	32
x_{33}	Reciprocal relationship and respect between managers and employees	27.79	33
x_{34}	Human resource diversity at workplace	27.79	34
x_{35}	Help those in need	27.79	35
x_{36}	Considering virtues in organizational policies and processes	27.79	36
x_{37}	Concerning about the Environment and the community	27.79	37
x_{38}	Optimal use of environmental resources	27.79	38
x_{39}	Concerning about the Local suppliers	27.08	39
x_{40}	Paying attention to employee's development more than their training	27.08	40
x_{41}	Considering employee's competencies	27.08	41
x_{42}	Penetrating virtues in employee's feelings, thinking and actions	24.13	42
x^{43}	Responsible leadership	24.13	43
x_{44}	Diversity in the Workplace	24.13	44
x_{45}	Behaving in a socially responsible and environmentally sensitive manner	21.77	45
x_{46}	Managers support in all affairs especially in difficult situations and crises	19.85	46
x_{47}	Employee's stability in difficulties and crises	18.65	47
x_{48}	Providing employees with an opportunity to grow and learn	17.63	48
x_{49}	An optimistic perspective toward challenges, difficulties, and opportunities	16.90	49
x_{50}	Employee's self-control	16.73	50
x_{51}	Empowering employees	16.73	51
x_{52}	Paying attention to thinking and knowledge acquisition	16.73	52
x_{53}	Decreasing the hierarchy	16.27	53
x_{54}	The combination of high standards of performance with a culture of forgiveness and learning from mistakes	14.98	54
x_{55}	Vesting authority to employees along with supporting from managers	14.98	55
x_{56}	Down to up hierarchy	13.06	56
x_{57}	Taking care of customers (Customer Satisfaction)	13.06	57
x_{58}	Courageous employees	13.02	58

Table 4
Results of factor analysis: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.899
Bartlett's Test of Sphericity	Approx. Chi-Square	28389.11
	df	1653
	Sig.	0.000

Basically, there are two methods to decide the number of factors i.e. the Scree Plot (Fig. 1) and the Total Variance Explained (Table 5). Based on these two outputs, there must be five common factors with common issues. Based on the Scree plot below, the 'elbow' starts at component number 5. We should have 5 common factors that can be extracted from the data.
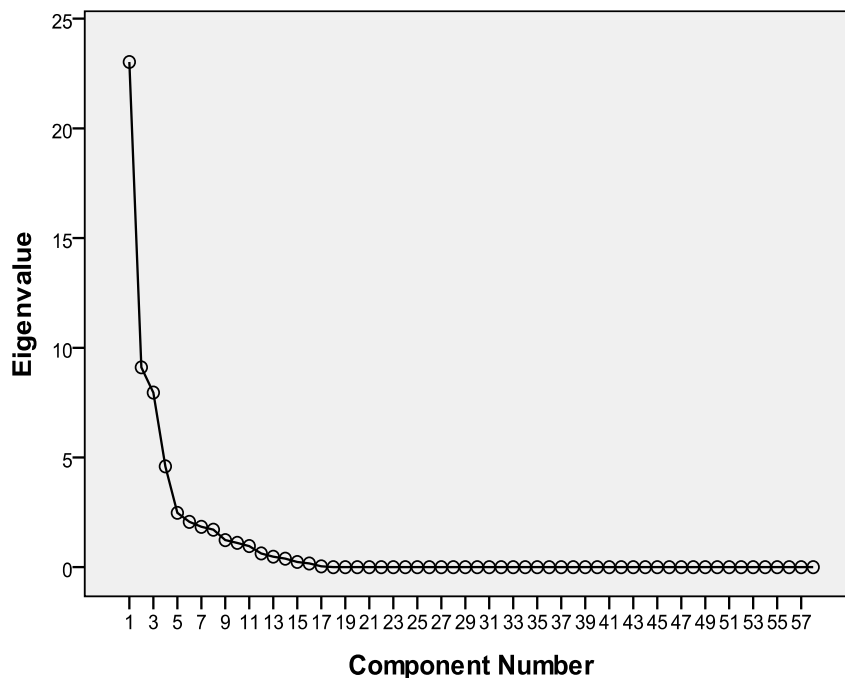
Fig. 1. Results of factor analysis: Scree Plot

Based on the number of the total variance explained (Table 5), these five factors can explain the 81.305% of the total variance. The Factors account for 33.631%, 18.869%, 12.353%, 8.309% and 8.142% of the total variance, respectively, for each factor.

Table 5
Results of factor analysis: Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	23.025	39.698	39.698	23.025	39.698	39.698	19.506	33.631	33.631
2	9.106	15.700	55.398	9.106	15.700	55.398	10.944	18.869	52.500
3	7.957	13.720	69.117	7.957	13.720	69.117	7.165	12.353	64.853
4	4.594	7.920	77.037	4.594	7.920	77.037	4.819	8.309	73.162
5	2.475	4.267	81.305	2.475	4.267	81.305	4.723	8.142	81.305

Table 6 shows the Rotated Component Matrix. The factor loading of each measurement item (shown in table 7) has been extracted from this matrix.

Table 6
Results of factor analysis: Rotated Component Matrix

Measurement Items		Component				
		1	2	3	4	5
x_1	Faithful employees	-.009	-.254	.964	-.163	.271
x_2	Corporate Philanthropy	.107	.037	.011	-.374	.971
x_3	Promoting Ethics	.192	.969	-.192	-.019	-.270
x_4	Servant leadership	.983	-.233	-.006	.065	.115
x_5	High quality relationship with employees	.839	.306	-.067	.119	.416
x_6	Employee's readiness from the point of view of individual characteristics, motives, internal tendency,…	.177	.177	.984	-.347	.289
x_7	Employees as competitive advantages for organization	.192	.819	-.192	.416	-.270
x_8	Considering virtuousness in organization's mission statement	.564	.373	-.172	.567	-.266
x_9	Respect the social laws	.192	-.270	-.192	-.019	.756
x_{10}	Not only concentrating on profit maximization	-.364	.873	-.172	-.044	.564
x_{11}	Honor commitments to customers, teammates, communities, owners, suppliers and partners (Keep promises and contracts)	.902	.506	-.192	-.019	-.270
x_{12}	Going beyond ethics	.504	.976	.022	-.192	.283
x_{13}	Avoiding harming others	.268	-.297	.407	.043	.789
x_{14}	Spiritual leadership	.906	.479	-.124	.023	-.159
x_{15}	Respecting the rights of others	.328	.506	-.154	.212	.764
x_{16}	Being fair	.864	.373	-.172	-.044	-.266
x_{17}	Obeying the law	.664	.373	-.172	-.044	-.266
x_{18}	Respect the social values	.102	.210	.027	.224	.720
x_{19}	Allotting a special budget to help the homeless find job and housing	-.152	.044	.512	-.463	.727
x_{20}	Considering virtuousness in organization's mission statement as an end not as a means	-.233	-.006	.153	.865	.115
x_{21}	A high level of honesty and integrity at every organizational level (Not to cheat or tell lie)	.007	.917	.041	.650	.021
x_{22}	Interpersonal relationships characterized by caring and compassion	.404	.476	.892	-.192	.283
x_{23}	Hiring the Disabled	.272	-.025	-.110	-.044	.972
x_{24}	Considering virtues in the culture of community	.124	.373	-.172	-.044	.864
x_{25}	Employees perception of virtuousness in organization	.372	-.025	.710	-.044	-.185
x_{26}	Respect and caring for Employees	.739	-.011	.162	.445	.354
x_{27}	Matching managers conduct and words	.764	-.242	.267	-.176	-.464
x_{28}	Existence of ethical standards for employee's and manager's behavior	.545	.845	.484	-.004	-.074
x_{29}	Existence of transparency in organization (Shared information)	-.089	.623	.140	.349	.293
x_{30}	Strive for excellence	.268	.497	.307	.043	.089
x_{31}	Organizational citizenship behaviors	.498	-.116	.778	.111	-.139
x_{32}	Indirect training through storytelling approach	.604	-.033	.048	.419	.241
x_{33}	Reciprocal relationship and respect between managers and employees	-.204	.776	.022	.192	.283
x_{34}	Human resource diversity at workplace	.102	.310	.027	.224	.820
x_{35}	Help those in need	-.199	-.084	.127	-.117	.878
x_{36}	Considering virtues in organizational policies and processes	-.377	.384	.417	.534	.179
x_{37}	Concerning about the Environment and the community	-.204	.476	.022	.192	.783
x_{38}	Optimal use of environmental resources	.172	-.025	-.110	-.044	.586
x_{39}	Concerning about the Local suppliers	.164	.373	-.172	-.044	.566
x_{40}	Paying attention to employee's development more than their training	.295	.676	-.116	-.074	-.008
x_{41}	Considering employee's competencies	-.174	.637	.011	.107	.163
x_{42}	Penetrating virtues in employee's feelings, thinking and actions	.297	-.103	.678	.177	.356
x_{43}	Responsible leadership	.533	-.006	.253	.065	.115
x_{44}	Diversity in the Workplace	.097	-.103	.178	.677	.356
x_{45}	Behaving in a socially responsible and environmentally sensitive manner	.228	.125	-.056	.178	.778
x_{46}	Managers support in all affairs especially in difficult situations and crises	.496	.216	-.008	.268	-.179
x_{47}	Employee's stability in difficulties and crises	-.104	.276	.422	.192	.283
x_{48}	Providing employees with an opportunity to grow and learn	.104	.176	.452	.192	.283
x_{49}	An optimistic perspective toward challenges, difficulties, and opportunities	.474	.037	.011	.107	.163
x_{50}	Employee's self-control	-.004	.076	.322	.192	-.283
x_{51}	Empowering employees	.388	.073	-.015	.099	.279
x_{52}	Paying attention to thinking and knowledge acquisition	-.027	.354	.102	-.052	.034
x_{53}	Decreasing the hierarchy	.102	.110	.027	.424	.320
x_{54}	The combination of high standards of performance with a culture of forgiveness and learning from mistakes	.102	.510	.027	.224	.320
x_{55}	Vesting authority to employees along with supporting from managers	.336	.097	.021	.546	.178
x_{56}	Down to up hierarchy	.006	.426	.119	.500	.278
x_{57}	Taking care of customers (Customer Satisfaction)	.336	.466	.062	.320	.090
x_{58}	Courageous employees	.196	.216	.548	.168	-.179

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 8 iterations.

Table 7

Results of factor analysis: Factor Loading of Measurement Items

	Measurement Items	Component				
		1	2	3	4	5
x_4	Servant leadership	.983[a]				
x_5	High quality relationship with employees	.839				
x_{11}	Honor commitments to customers, teammates, communities, owners, suppliers and partners (Keep promises and contracts)	.902				
x_{14}	Spiritual leadership	.906				
x_{16}	Being fair	.864				
x_{17}	Obeying the law	.664				
x_{26}	Respect and caring for Employees	.739				
x_{27}	Matching managers conduct and words	.764				
x_{32}	Indirect training through storytelling approach	.604				
x_{43}	Responsible leadership	.533				
x_{46}	Managers support in all affairs especially in difficult situations and crises	.496				
x_{49}	An optimistic perspective toward challenges, difficulties, and opportunities	.474				
x_{51}	Empowering employees	.388				
x_3	Promoting Ethics		.969			
x_7	Employees as competitive advantages for organization		.819			
x_{10}	Not only concentrating on profit maximization		.873			
x_{12}	Going beyond ethics		.976			
x_{21}	A high level of honesty and integrity at every organizational level (Not to cheat or tell lie)		.917			
x_{28}	Existence of ethical standards for employee's and manager's behavior		.845			
x_{29}	Existence of transparency in organization (Shared information)		.623			
x_{30}	Strive for excellence		.497			
x_{33}	Reciprocal relationship and respect between managers and employees		.776			
x_{40}	Paying attention to employee's development more than their training		.676			
x_{41}	Considering employee's competencies		.637			
x_{52}	Paying attention to thinking and knowledge acquisition		.354			
x_{54}	The combination of high standards of performance with a culture of forgiveness and learning from mistakes		.510			
x_{57}	Taking care of customers (Customer Satisfaction)		.466			
x_1	Faithful employees			.964		
x_6	Employee's readiness from the point of view of individual characteristics, motives, internal tendency,…			.984		
x_{22}	Interpersonal relationships characterized by caring and compassion			.892		
x_{25}	Employees perception of virtuousness in organization			.710		
x_{31}	Organizational citizenship behaviors			.778		
x_{42}	Penetrating virtues in employee's feelings, thinking and actions			.678		
x_{44}	Diversity in the Workplace			.778		
x_{47}	Employee's stability in difficulties and crises			.422		
x_{50}	Employee's self-control			.322		
x_{58}	Courageous employees			.548		
x_{44}	Diversity in the Workplace			.677		
x_8	Considering virtuousness in organization's mission statement				.567	
x_{20}	Considering virtuousness in organization's mission statement as an end not as a means				.865	
x_{36}	Considering virtues in organizational policies and processes				.534	
x_{53}	Decreasing the hierarchy				.424	
x_{55}	Vesting authority to employees along with supporting from managers				.546	
x_{56}	Down to up hierarchy				.500	
x_2	Corporate Philanthropy					.971
x_9	Respect the social laws					.756
x_{13}	Avoiding harming others					.789
x_{15}	Respecting the rights of others					.764
x_{18}	Respect the social values					.720
x_{19}	Allotting a special budget to help the homeless find job and housing					.727
x_{23}	Hiring the Disabled					.972
x_{24}	Considering virtues in the culture of community					.864
x_{34}	Human resource diversity at workplace					.820
x_{35}	Help those in need					.878
x_{37}	Concerning about the Environment and the community					.783
x_{38}	Optimal use of environmental resources					.586
x_{39}	Concerning about the Local suppliers					.566
x_{45}	Behaving in a socially responsible and environmentally sensitive manner					.778

a. Factor Loading

6. Discussion

The factor analysis empirically grouped the scale items of virtuous organization into five factors (principal components). The five factors can be labeled as follows:

The first factor can be labeled as "Leadership" and consists of measurement items x_4, x_5, x_{11}, x_{14}, x_{16}, x_{17}, x_{26}, x_{27}, x_{32}, x_{43}, x_{46}, x_{49} and x_{51}. This factor is accounted for 33.631% of the total variance and it is ranked first (the most important) with an importance index of 79.00 (according to Table 10). Leaders play critical role in providing a moral framework for organizational members and in shaping the virtuous culture (Neubert et al., 2009). They can communicate and perpetuate either virtue or vice through their interpersonal relationships with their subordinates and their behaviors (Flynn, 2008). Managers who engage in ethical leadership behavior act as virtuous agents in promoting an ethical climate (Flynn, 2008). The influence of ethical leadership may also be considered to be virtuous in that it can extend beyond promoting an ethical climate to influence organizational members' attitudes toward everyday work (i.e., job satisfaction) and attachments to the organization (i.e., affective organizational commitment). From a virtue perspective, behavior that contributes to ''the flourishing of all members of a community'' is virtuous (Neubert et al., 2009). Leaders should consider some points for effective leadership (Lawler, 2004):

- *Lead People Right*: The leadership at any level in a particular firm maintains an impact on both individual and organizational effectiveness. The type of relationships where people develop with organizations including how motivated they are, how long they stay, and how they treat customers and other employees are determined.
- *Developing a Leadership Brand*: A crystal clear leadership style is a powerful factor in absorbing, retaining, and motivating employees, properly. A positive leadership brand, which permeates the organization can also serve as a touchstone for all current employees who are managers or desire to be managers, guiding them toward organization's "true north" with respect to the leadership behaviors and skills expected of them.
- *Build Leadership Capability*: Given the role it plays in determining success, leadership capability is something organizations require to construct a basis.
- *Focus on the Competitive Environment*: Effective leaders adjust their leadership attitude to the economic times and they must remain true to the basic leadership brand of their organization.

The second factor can be labeled as "Organizational Culture" and consists of measurement items x_3, x_7, x_{10}, x_{12}, x_{21}, x_{28}, x_{29}, x_{30}, x_{33}, x_{40}, x_{41}, x_{52}, x_{54} and x_{57}. This factor is accounted for 18.869% of the total variance and it is ranked second with a relative importance index of 73.94 (according to Table 10). An organizational culture based on ethics, transparency, honesty and reciprocal relationship and respect between managers and employees can help achieve organizational virtuousness (Whetstone, 2005).

The third factor can be labeled as "Human Resource" and consists of measurement items x_1, x_6, x_{22}, x_{25}, x_{31}, x_{42}, x_{44}, x_{47}, x_{50}, x_{58} and x_{44}. This factor is accounted for 12.353% of the total variance and it is ranked third with an importance index of 72.81 (according to Table 10). A virtuous organization includes people who provide a high quality relationship with its employees since a virtuous organization's competitive advantage is its people. On the other hand, moving towards virtuousness requires different things such as employee's self-control, faithfulness, organizational citizenship behaviors, perception of virtuousness perception of virtuousness, readiness, Interpersonal relationships characterized by caring and compassion, etc. The forth factor is labeled as "Structure and Processes" and consists of measurement items x_8, x_{20}, x_{36}, x_{53}, x_{55} and x_{56}. This factor is accounted for 8.309% of the total variance and it is ranked fifth with an importance index of 68.38 (according to Table 10). Organizational virtuousness may be fostered by the organizational policies, processes, practices, and structure (Cameron, 2010; Dutton & Sonenshein, 2007).

The fifth factor can be labeled as "Care for Community" and consists of measurement items x_2, x_9, x_{13}, x_{15}, x_{18}, x_{19}, x_{23}, x_{24}, x_{34}, x_{35}, x_{37}, x_{38}, x_{39} and x_{45}. This factor is accounted for 8.142% of the total variance and it is ranked forth with an importance index of 65.33 (according to Table 10). A virtuous firm should establish and maintain strong ties with the local community in which it conducts business. It should hire employees from the local community and do business with local companies. After all, many of a firm's customers will come from the surrounding areas. Additionally, a virtuous firm should be concerned about our planet. Planet Earth is all we have and we should take care of it (Friedman & Friedman, 2009). Reliability of the five extracted factors was evaluated by Cronbach's alpha. Table 8 and 9 show the output of the reliability test. As can be seen, all Cronbach's alpha values are well above the limit of 0.70 and ensure the constructs' internal consistency and reliability (Ghosh & Jintanapakanont, 2004).

Table 8

Case Processing Summary

		N	%
Cases	Valid	574	100.0
	Excluded[a]	0	.0
	Total	574	100.0

a. Listwise deletion based on all variables in the procedure

Table 9

Reliability and Descriptive Statistics

Principal Factor	N	Mean	Std. Deviation	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
Leadership	574	4.8800	.32537	.782	.815	13
Organizational Culture	574	4.2200	.75699	.791	.798	14
Human Resource	574	4.7574	.43918	.739	.795	11
Structure and Processes	574	3.7000	.67166	.767	.749	6
Care for Community	574	4.7800	.41477	.901	.903	14
Total	574	----	----	.949	.956	58

In this section, we rank the principal factors extracted from factor analysis. For this type of data, the mean and standard deviation of each factor are not suitable to determine the overall ranking because they do not reflect any relationship among the factors. Instead, the weighted average for each factor was calculated and then it is divided by the upper scale of the measurement. Therefore, the level of importance of the principal factors was calculated using the following formula (Ghosh & Jintanapakanont, 2004):

$$\text{Importance index} = \sum(aX) * \frac{100}{5},$$

where a is the constant, which expresses the weighting given to each response, ranging from 1 (not important) to 5 (extremely important); and $X = n/N$, where n is the frequency of the responses; and N is the total number of responses. Each rank in Table 10 presents the degree of importance assigned to principal factors of a virtuous organization, extracted from factor analysis.

Table 10

Importance index of each principal factor

Principal Factor	Importance Index	Rank
Leadership	79.00	1
Organizational Culture	73.94	2
Human Resource	72.81	3
Care for Community	68.38	4
Structure and Processes	65.33	5

7. Conclusion

In this study, we presented an empirical study to detect the relative importance of various drivers of a virtuous organization and conducted an exploratory factor analysis to extract the principal factors of virtuous organization to put virtues into practice. The results of factor analysis demonstrated that a five-factor measurement model including leadership, organizational culture, human resource, structure and processes and care for community fits the data acceptably.

Maximizing profits while ignoring the needs of society may work in the short run but it may create unfavorable events for both society and business in the long run. In addition, while many of the ideas recommended in this paper may not only be costless to an organization but even produce additional profits in the long run, that is not the only reason to consider them. After all, "*for the virtuous organization, virtue is indeed its own reward*".

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