

Innovation and Leadership Development Research Centers

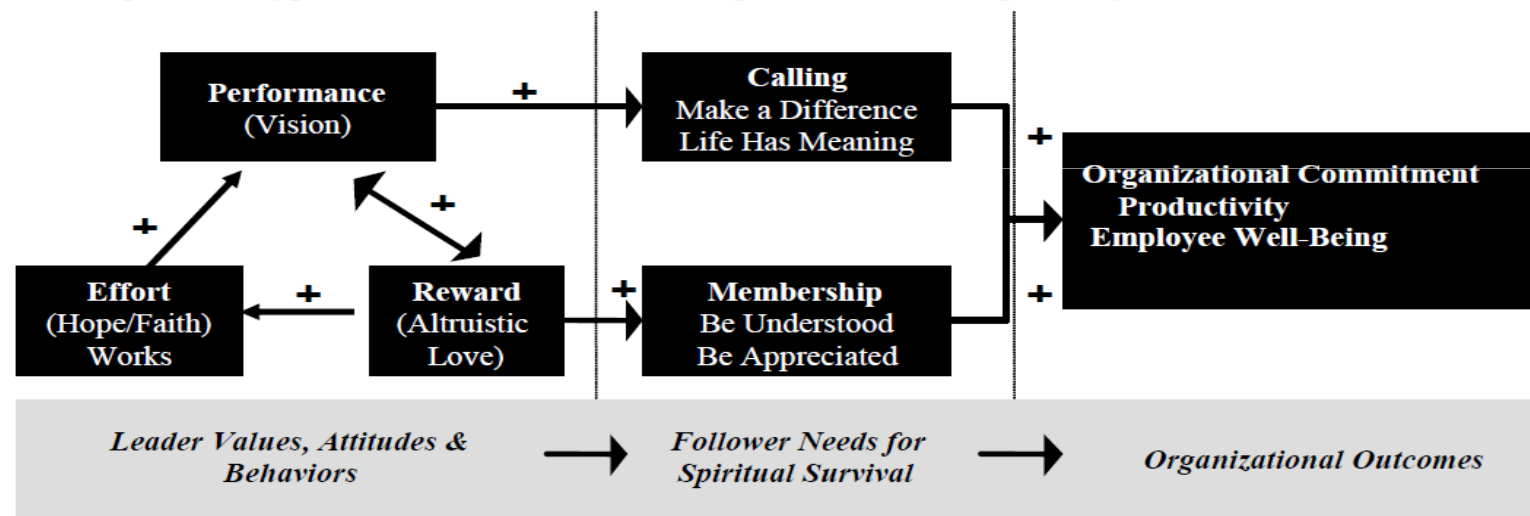
**VIRTUOUS LEADERSHIP AND ITS IMPACT ON
ORGANIZATIONAL CULTURE**

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WHY IS THE PRACTICE OF VIRTUES IMPORTANT?

A number of studies have been done to uncover the virtues leaders and managers actually have. The most influential theory is based upon the thinking of Fry (2005) who extended Spiritual Leadership Theory by exploring the concept of positive human health and well-being through recent developments in workplace spirituality, character ethics, positive psychology and spiritual leadership, as can be seen in Figure 1, as follows.

Figure 1. Hypothesized Causal model of spiritual leadership theory





SEVEN TYPES OF VIRTUES

Therefore the seven types of virtues expected to be found as traits within any healthy organization would be as depicted in Table 1, as follows.

Table 1
Seven Types of Virtues

1. **Vision** – describes the organization journey and why we are taken it; defines who we are and what we do.
2. **Hope/Faith** – the assurance of things hoped for, the conviction that the organization's vision, purpose, mission will be fulfilled.
3. **Altruistic Love** – a sense of wholeness, harmony, and well-being produced through care, concern, and appreciation for both self and others.
4. **Meaning/Calling** – a sense that one's life has meaning and makes a difference.
5. **Membership** – a sense that one is understood and appreciated.
6. **Organizational Commitment** – the degree of loyalty and attachment to the organization.
7. **Productivity** – efficiency in producing results, benefits, or profits.

Source: Adapted from Fry (2005).



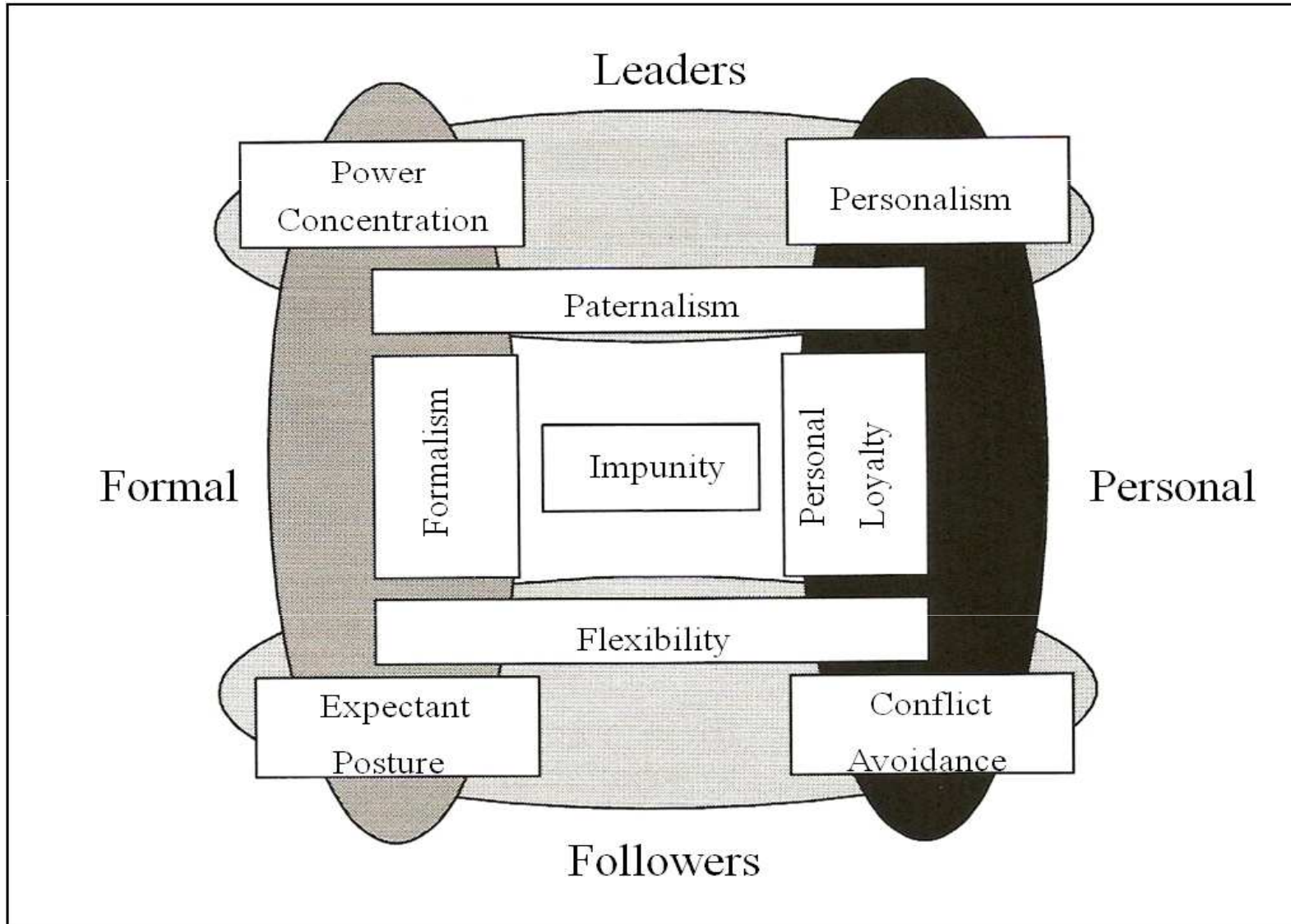
VIRTUES AND THE LEADERS OF TOMORROW

Employees will be the essential resources of twenty-first century organizations. These employees can be categorized into several generations, each with special motivation needs. Kuzins (1999) suggests that managers and leaders need to understand people, whatever their age. They need to find out their skills, strengths, and whatever motivates them. In short they have to recognize that everyone is different and deal with each employee as an individual.

On the other hand there are some important considerations that the leader of tomorrow will be confronted with: **a) the phenomenon of unemployment**, as a consequence of the extraordinary fast development of mechanization, automation, digitalization, and the economic apparatus centered in the idea of currency stability, which instead of absorbing all the units of human energy creates a growing number of idle hands, and, even worse, brains; **b) the phenomenon of research** – who can say whither our combined knowledge of the atom, of hormones, of the cell and the laws of heredity will take us?; and **c) the need for true union**, that is to say full associations of human beings organically ordered, which will lead us to differentiation in terms of society; it should not be confounded with agglomeration which tends to stifle and neutralize the elements which compose it.

Therefore, **responsible influence, leadership centered in collective objectives, coherence and fecundity**, are the four criteria to be pursued in developing the leaders of tomorrow.

CULTURAL MODEL





RESEARCH QUESTIONS

The study sought to answer the following research questions:

1. How the practice of virtues, in the involved organizations, is perceived by their executives?
2. What is the virtuous leadership index of the involved organizations?
3. What is the cultural profile of the researched organizations?
4. What is the average cultural adequacy index of the organizations involved in the research?
5. Is there a relation between virtuous leadership and organizational culture?

Sampling

It has been randomly selected 400 executives involving 48 organizations, encompassing medium and large size ones. Most of them were manufacturing companies in the fields of consumer electronics, two-wheel vehicles, and cell phones. The majority of the executives were Brazilians (366) and some foreigners (34), being 142 females and 258 males with ages varying from 28 up to 55.

Data Gathering

In order to uncover the **virtuous leadership index - VLI** of each researched organization a Likert-type attitudinal measurement instrument was developed as shown in Appendix A. The instrument covered several aspects: vision, hope/faith, altruistic love, meaning/calling, membership, organizational commitment, and productivity. The Recurrence Table (Appendix B) shows the considered items per virtuous categories allowing the computation of the average score for each one of the seven virtues as can be seen in Table 2.

To measure the **organizational culture**, and its adequacy, of the researched companies a closed instrument of Likert (1932) type was used covering the nine traits of the Barros and Prates model. The instrument was validated in terms of statement and reliability. The cultural adequacy index was computed taking into consideration the number of traits with adequate scores divided by the total number of traits considered in the instrument in percentage. Adequate scores are those under two for all the traits, with the exception of one trait, namely Flexibility.



METHODOLOGY

To analyze a possible relation between the **virtuous leadership index**, per organization, and organizational culture profile, the **cultural adequacy index** has been calculated per organization, and, then the linear correlation coefficient was computed taken into consideration the set of paired data involving the before mentioned variables per organization, therefore the computation involved 48 pairs.



FINDINGS AND ANALYSES

Table 2

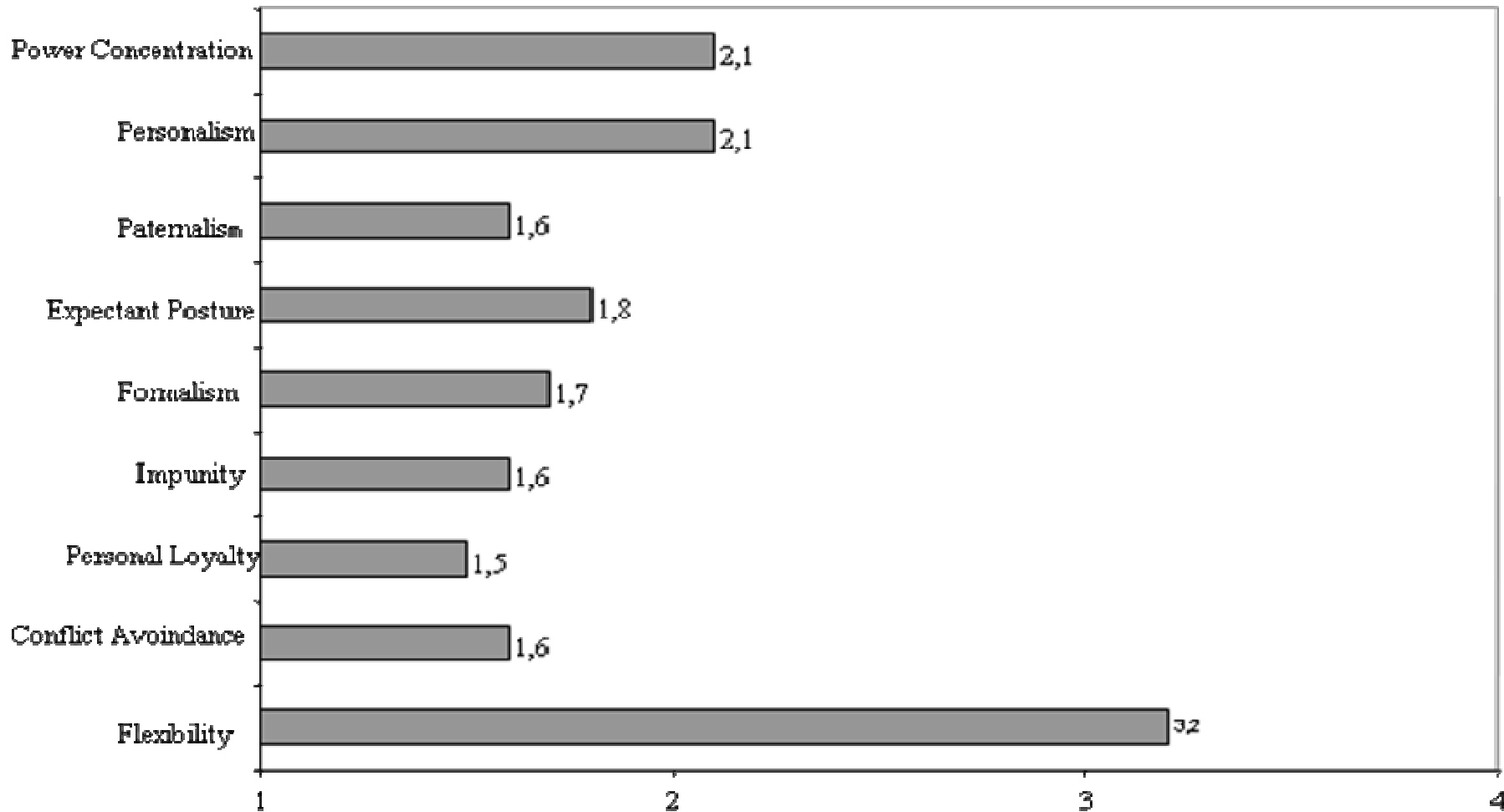
Virtuous Leadership Profile of a Sample of Executives (N=400)

Virtues	Average Score (1 to 4)
Vision	2.8
Hope/Faith	1.5
Altruistic Love	1.2
Meaning/Calling	1.5
Membership	3.3
Organizational Commitment	3.1
Productivity	3.6

Source: Research Data.

N= sample size

FINDINGS AND ANALYSES



Executives' attitudinal profile by dimension



FINDINGS AND ANALYSES

Nbr.	SECTOR		CAI (%)	VLI (%)
1	Health Care	O 1	44	50
		O 2	55	55
		O 3	55	55
		O 4	66	60
2	Paper & Packing	O 5	77	80
3	Mechanical Parts	O 6	44	50
4	Electrical Parts	O 7	55	60
		O 8	77	60
5	Transport/Logistic	O 9	44	50
		O 10	66	80
		O 11	55	60
6	Consumer Electronics	O 12	44	50
		O 13	66	80
		O 14	67	85
		O 15	77	85
7	Vehicles	O 16	55	70
8	Virgen Media	O 17	44	50
9	Info Technology	O 18	77	70
		O 19	78	75

FINDINGS AND ANALYSES

		O 20	66	87
		O 21	44	60
10	Service	O 22	67	60
		O 23	66	50
		O 24	77	80
11	Physical Distribution	O 25	67	60
12	Car dealer	O 26	55	50
13	Language School	O 27	55	50
14	Banking	O 28	66	60
		O 29	77	60
11	Supermarket	O 30	44	40
		O 31	67	85
12	Telecom	O 32	55	60
		O 33	66	65
		O 34	55	50
13	Clothes	O 35	66	70
		O 36	67	85
14	Shoes	O 37	56	70
		O 38	66	87
15	Graphics	O 39	56	50
		O 40	66	50
16	White Goods	O 41	45	60
17	Software House	O 42	67	65
18	Construction Material	O 43	55	50
19	Hotel Chain	O 44	77	80
20	Office Material	O 45	78	85
21	Protection Equipment	O 46	44	50
22	Fabrics	O 47	45	55
23	Departmental Store	O 48	55	50

O = Organization, CAI = Cultural Adequacy Index, and VLI = Virtuous Leadership Index

- VIRTUOUS LEADERSHIP INDEX
vs. CULTURAL ADEQUACY INDEX = + **0.70**

The linear correlation coefficient was computed taking into account the set of paired data involving all the 48 organizations, being **virtuous leadership index** one variable, and **cultural adequacy index** the other. The result was a linear correlation coefficient of +0.70, which suggests, according to Schmidt (1975), a high degree of positive relation between the two considered variables.



CONCLUSIONS

1. The study has shown that the executives involved in the research have an unbalance perception regarding the practice of virtues within the researched organizations; and, even worse, the Virtuous Leadership Index considering all 48 organizations together is 61%. There is plenty of space to improve, once in the cases of opinion surveys a world class score would be $\geq 85\%$. On the other hand, Table 2 depicts that this sample of executives obviously values more highly Productivity, Membership and Organization Commitment ends than Altruistic Love, Hope/Faith, and Meaning/Calling, which are means to influence people to bring motivation from within, that is to say leadership. These findings can be partially explained due to the fact that the great majority of the executives of the sample (72%) belongs to the Generation X (ZEMKE et al., 2000), the survival generation with a casual approach to authority, and, on the other hand, the virtues practice, or spiritual intelligence, is associated with religions, which is somewhat “old-fashioned” for the majority of this generation. In any way this is the moment to face this problem. If we really want to have leaders with traits such as: responsible influence, people centered, showing coherence between attitudes and actions, and fecundity, that is to say, leading the process of assuring progress, than we need to work hard in order to develop knowledge for better understand and influence leaders’ personal values, attitudes and behavior.



CONCLUSIONS

2. Regarding the cultural aspects the results of the analyses indicated the preponderant traits, based on the model proposed in the study. The Flexibility dimension showed the greatest preponderance, thus indicating that there is great flexibility within the companies. This means that the organizations have great capacity to adapt themselves to the circumstances of the environment, which can be a positive point when we consider that, currently, society has been undergoing constant and fast changes that demand that organizations be agile so they can meet the demands of the environment. Personal Loyalty was the dimension that showed the least preponderance. It means that the executives who took part in the research are more loyal to the organization than to their leader. Thus, personal relations at the workplace remain in the background, which makes for a healthy environment from the point of view of motivation and collaboration. Power concentration is present, which means that some executives still impose their will through traditional legal power and their hierarchical positions, leading to expectant posture which will create difficulties to release new ideas and innovation. Another undesirable trait is personalism, which appear with moderate preponderance, once it may lead to personal loyalty.



THANK YOU FOR YOUR ATTENTION

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