Organizational and Leadership Virtues

and the Role of Forgiveness

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Abstract
The investigation of virtues in organizational life has been neglected. Systematic studies of the development and demonstration of virtue have been all but absent in the organizational sciences. This article highlights the potential impact of virtues in organizations, particularly the power of forgiveness to affect individual and collective outcomes. Under conditions of organizational injury and trauma, such as when organizations downsize, leaders have an especially important role to play in demonstrating virtuous behaviors. In this paper, we describe some early research findings that explore the effects of organizational virtues, and we highlight the role of one particularly misunderstood virtue--organizational forgiveness--and its role in the leadership of effective organizations.
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A few researchers have recently begun to investigate dynamics in organizations that lead to the development of human strength, resiliency, and extraordinary performance. The focus of this work centers on life-giving, elevating elements in organizations that have heretofore been ignored by organizational scholars. It is a focus on positive organizational scholarship (Cameron, Dutton, & Quinn, in press). This emphasis parallels the new positive psychology movement that has shifted from the traditional emphasis on illness and pathology toward a focus on human strengths and virtues (Seligman, 2000). The consideration of issues such as joy, happiness, hope, faith, and what makes life worth living represents a shift from reparative psychology to a psychology of positive experience (Seligman & Csikszentmihalyi, 2000).

“[Positive] psychology is not just the study of disease, weakness, and damage; it is also the study of strength and virtue. Treatment is not just fixing what is wrong; it is also building what is right. [It] is not just about illness or health; it is about work, education, insight, love, growth, and play” (Seligman, 2000:8).

Consistent with this new movement, a group of organizational scholars has begun to investigate the positive side of organizational processes and performance, including how individuals in organizations, as well as the organizations themselves, become exceptional and virtuous. Our intent in this paper is to help clarify this new orientation in organizational studies and to consider one specific example of organizational virtue in some detail.
Positive Deviance and Organizational Virtue

Traditionally, social scientists have treated “deviance” as a negative aberration from normal or acceptable behavior. Deviants are seen as requiring treatment or correction (Durkheim, 1938; Becker, 1963). The idea of positive deviance has largely been ignored as a phenomenon for investigation (Starbuck, 2001; Pondy, 1979). Yet, positive deviance, in the form of virtuousness, captures some of humanity’s highest aspirations. Virtue, in the Aristotelian sense, is an attribute that leads to eudaimonia, a flourishing state exceeding normal happiness and excellence (Aristotle, 1106a22-23). It is more akin to ecstasy while demonstrating the highest form of humanity.

In the original Greek, virtue (arête) is applied to both individuals and organizations in recognition of the fact that virtue can be demonstrated at the individual or the collective level (Schudt, 2000). The idea that virtues can be applied to organizations in addition to individuals is sometimes controversial, yet the collective nature of virtue is easily illustrated by the studies of virtues in family units. Virtuousness in family units have been studied and categorized, so it should not be surprising that the study of virtuousness in larger organizations would also be a legitimate and worthwhile endeavor (Sandage & Hill, 2001; Walsh, 1998; Stinnett, DeFrain, & DeFrain, 1997; McCubbin, Thompson, Thompson, & Fromer, 1998).

Consistent with this perspective, recent research has begun to describe extraordinary organizations that display positive deviance. They represent an affirmative exception to typical organizational behavior (Dutton et al, 2002; Quinn, 2002). Especially on the human dimension, these organizations engender virtuousness in relationships and in the treatment of people. When they downsize they do so with caring and compassion. When they recover from crises they do so
with maturity, wisdom, and forgiveness. When they set strategy they intend to do good as well as do well. They flourish, even in the face of difficulty (Weick, in press; Clifton & Harter, in press; Cooperrider & Sekerka, in press).

Virtuous organizations do more than participate in normatively prescribed corporate social responsibility, sponsor environmentally friendly programs, or utilize renewable resources (Bollier, 1996). Whereas some activities included in the corporate social responsibility (CSR) domain may represent organizational virtue (Weiser & Zadek, 2000), CSR typically revolves around the instrumental value of the activities or an exchange relationship (Charkson, 1988; Fry, Keim, & Meiners, 1982; Moore & Richardson, 1988; Piliavin & Charng, 1990; Sanchez, 2000; Weiser & Zadek, 2000). As discussed below, such motivations are antithetical to virtue.

Instead, virtuous organizations foster *eudaimonia* in the Aristotelian sense. They possess attributes and demonstrate behaviors that extend beyond a consistent moral or ethical code. They possess more than a strong, values-based culture. They do more than perform effectively. They embrace more than core competence or capability. Virtuous organizations are unique, in other words, in their capacity to create positive deviance. To better clarify this idea of virtuousness in organizations, we contrast the concept of virtue with other more frequently investigated concepts in organizational studies (Sandage & Hill, 2001; McCullough, Pargament, & Thoreson, 2000). Distinctions between virtue and these familiar concepts are summarized in Table 1.

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Virtuousness does not stand in opposition to concepts such as ethics or moral reasoning, but it extends beyond them. Whereas these other terms focus on what is necessary, sufficient, or instrumental, virtue focuses on the highest human potential. Virtue embraces that which is good, transcendent, and honorable, or that which is most human (Peterson & Seligman, 2000; Sandage
Likewise, there is no necessary tradeoff between virtue and performance. While it is possible to be virtuous without producing profit (e.g., Maudlen Mills), and to be profitable without virtue (cf., Cameron, 1984), there is some reason to expect that a positive association may be present between virtue and organizational performance, as we discuss below.

One way to illustrate the meaning of virtue in organizations is depicted in Figure 1. At the individual level, the figure portrays a continuum ranging from illness on one end, to healthy functioning in the middle (i.e., the absence of illness). On the right side of the continuum, positive deviance is represented—i.e., Olympic physical fitness levels or psychological flow (Csikszentmihalyi, 1990; Fredrickson, 2001; Einsenberg, 1990). Each point on the continuum is qualitatively different from the other points and does not merely represent a greater or lesser quantity of the other points.

At the organizational level, the figure portrays conditions ranging from ineffective, inefficient, and error-prone performance on the left side, to effective, efficient, and reliable performance in the middle. On the right side is virtuous organizational performance, which is qualitatively distinct from the other two points. It is on the right side of the continuum that strength-building, life-giving, virtuous attributes such as compassion, forgiveness, courage, hope, humility, and integrity are manifest. These phenomena represent positive deviance from typical organizational behavior (Peterson & Seligman, 2000; Sandage & Hill, 2001). Organizational virtuousness, then, represents a state, a capacity, and a reserve in organizations that lead to the demonstration of positively deviant behavior.
Much organizational and management research has been conducted on the left and middle sections of this continuum, identifying the predictors and processes that account for effective performance (Cameron, 1986; Cameron & Whetten, 1996; Luthans, 2002). Less is known about the right side of the continuum and the concepts that characterize it. We briefly review here what has been learned and then offer an illustrative example of the potential effects of virtues in organizations.

Organizational Virtue and Performance

Although still in the early stages of development, systematic investigations of positive or virtuous phenomena in organizations are beginning to emerge. For example, in groundbreaking work on organizational compassion, Dutton and her colleagues (Frost, et al., 2000; Dutton, et al., 2002) identified ways in which compassion is demonstrated and facilitated in organizations, and they explored its effects on human and organizational behavior. In one study, for example, they described a particularly remarkable display of organizational compassion in which three foreign students lost all of their belongings in an apartment fire. Within days, alternative housing and meals had been arranged free of charge, clothes were replaced, new computers were provided, all class notes and assignments were reconstructed by classmates, government documents were re-issued, and a generous amount of money was donated. An entire school community mobilized its compassionate efforts in response to this misfortune, all in the absence of a top-down directive or a formal organizational mandate. The organized, bottom-up process that spontaneously unfolded demonstrated the organization’s compassionate capacity. This capacity was mobilized and accelerated through supportive organizational routines, values, networks, role
models, and resource acquisition activities (Dutton, 2001). The organization’s virtuous capacity existed in reserve, in other words, until it was actively facilitated.

The presence and manifestation of organizational virtuousness has been shown to produce healing effects for individuals, stronger communities and relationships, inspirational stories and sagas, organizational resilience, positive affect, and enhanced vitality (Dutton, 1991; Dutton, Worline, Frost, and Lilius, 2002; Fredrickson, 2001). These outcomes are a product of two particularly important attributes of virtues.

First, virtues have an amplifying effect in organizations. Several researchers have described the dynamics of groups and organizations that experience a positively deviant state of performance, flow, or virtuousness actions (e.g., Hatch, 1999; Eisenberg, 1990; Sethi & Nicholson, 2001; Leavitt, 1996; Lee, et al, in press; Fredrickson & Joiner, in press; Quinn, 2002). Under such conditions, members of the organization experience a compelling urge to build upon the contributions of others and to perpetuate the virtuous spiral (Fredrickson, 2001; in press). Moreover, “Group members tend to feel the rightness and wrongness of their mutual creation and try to adjust it toward ways that make it feel more right . . . (Quinn, 2002: 20). In other words, organizational members are positively affected by organizational demonstration of virtuousness. Observing virtue creates a self-reinforcing upward spiral toward positive deviance. As Nobel laureate Desmond Tutu asserted:

“The world is hungry for goodness and it recognizes it when it sees it—and has incredible responses to the good. There is something in all of us that hungers after the good and true, and when we glimpse it in people, we applaud them for it. We long to be just like them. Their inspiration reminds us of the tenderness for life that we all can feel” (Tutu, 1999: 263).
Second, virtues have a *buffering* effect in organizations. Seligman & Csikszentmihalyi (2000) pointed out that the development of human virtues serves as a buffer against dysfunction and illness at the individual and group level of analysis. They reported that virtues such as courage, hope and optimism, faith, honesty and integrity, forgiveness, and compassion all have been found to be prevention agents against psychological distress, addiction, and dysfunctional behavior. Learned optimism, for example, prevents depression and anxiety in children and adults, roughly halving their incidence over the subsequent two years. Similarly, fostering human virtues helps create safeguards that buffer individuals from the negative consequences of personal trauma (Seligman, Schulman, DeRubeis, & Hollon, 1999).

At the group level, virtuousness serves to enhance resiliency and solidarity, which leads to high levels of performance in the face of threat and challenge (Weick, in press). Virtuousness in organizations also promotes hardiness and adaptive capacity that help organizations weather difficult times (Sutcliffe & Vogus, in press). Organizations are able to absorb misfortune and move past damage and harm. In sum, virtue serves as a source of resiliency, hardiness, and protection for organizations facing trauma (Gittell & Cameron, 2002).

**The Case of Organizational Forgiveness**

Forgiveness is one of the relatively few universal human virtues (Peterson & Seligman, 2000). All of the world’s major religious traditions--Buddhism, Christianity, Hinduism, Islam, Judaism--consider forgiveness a virtue to which human beings should aspire (Rye, et al., 2000; Marty, 1998; Dorff, 1998; Pargament & Rye, 1998; McCullough & Worthington, 1999). At the same time, forgiveness is among the least understood virtues and one of the most difficult to attain.
Because minor abrasions occur in almost all human interactions, most people are practiced forgivers of individual offenses. Even under conditions of violence, war, and inhumane treatment, forgiveness is frequently practiced. To illustrate, one dramatic example of forgiveness was recounted by Worthington (2001), demonstrating its power even in the midst of war.

“In 1987 near Belfast, 63 people were wounded and 11 killed when an IRA bomb exploded amidst a gathering of Protestants. Among the dead was Marie Wilson, the 22-year old daughter of Gordon Wilson. Her last words as she held her father’s hand beneath the rubble were: “Daddy, I love you very much.” From his hospital bed Wilson said:” I have lost a daughter, but I bear no grudge. Bitter talk is not going to bring Marie Wilson back to life. I shall pray, tonight and every night, that God will forgive them.” After his physical healing, Gordon Wilson met with the IRA, forgave them, and asked them to lay down their weapons. “I know you have lost loved ones, just like me, “ he said. According to Yancey, Protestant extremists who planned a bombing in retaliation decided against vengeance because the mercy and love extended by Wilson would make any retributive act politically disastrous for them” (p. 161).

Glynn (1994) observed that one explanation for the successful formation of the European Economic Union is forgiveness. Collectively speaking, the French, Dutch, and British forgave the Germans for the atrocities of World War II, as did other damaged nations. Likewise, the reciprocal forgiveness demonstrated by the United States and Japan after World War II helps explain the flourishing economic and social interchange that developed in subsequent decades. On the other hand, the lack of peace in certain war-torn areas of the world can be at least partly
explained by the refusal of collectivities to forgive one another for past trespasses (Helmick & Petersen, 2001).

Desmond Tutu, describing post-apartheid South Africa, illustrated this critical role of collective forgiveness:

“Ultimately, you discover that without forgiveness, there is no future. We recognize that the past cannot be remade through punishment . . . There is no point in exacting vengeance now, knowing that it will be the cause for future vengeance by the offspring of those we punish. Vengeance leads only to revenge. Vengeance destroys those it claims and those who become intoxicated with it . . . therefore, forgiveness is an absolute necessity for continued human existence” (Tutu, 1998:xiii;1999:155)

Ironically, considering its importance and universality, a consensual definition of forgiveness has not yet emerged (Worthington, 1998). However, most scholars agree that forgiveness occurs when an offended party chooses to abandon resentment, negative judgment, and indifferent behavior in response to an offense (Enright, et al., 1992). Those negative emotions and attitudes are replaced by positive emotions, affirmative motivations, and prosocial behavior toward the offender (Enright & Coyle, 1998; McCullough, Pargament, & Thoreson, 2000). Forgiveness, then, is a conscious choice to replace negativity with positivity, and it is inherently social since it occurs in relationship to other individuals, not to inanimate objects (Enright & Coyle, 1998).

Certain authors (Worthington, 2000; Enright and the Human Development Group, 1994) have argued that forgiveness is exclusively an intrapsychic phenomenon. It occurs only within a single individual and is not a social phenomenon. Others (Pargament & Rye, 1998; Baumeister, Exline, & Sommer, 1998) indicate that both social and psychological dimensions exist. In the
case of the former scholars, forgiveness is distinguished from *reconciliation*, meaning a re-
establishment of a relationship between two parties. One can forgive, they assert, without
wanting to re-establish a relationship with the offender or without having the relationship return
to normal. Forgiveness still requires abandoning negative affective and behavioral approaches,
however, and, instead, embracing positive affect and behaviors. Hence, even in instances where
there may be no chance to re-establish a relationship (for example, when the offender is dead or
in jail), a positive regard is present in the forgiver. Feelings of retribution and resentment are
replaced with feelings of empathy and concern. Trust may not be present, but the motives of the
forgiver are toward goodness for the offender.

Our approach to forgiveness, then, is as a concept with two core dimensions: an
intrapsychic dimension and an interpersonal or social dimension. Forgiveness occurs when a
transformation occurs *within* an individual as well as when the *relationship* between the victim
and the perpetrator is changed.

“In a nutshell, then, forgiveness may be best understood as having two distinct
dimensions: It is both an internal mental/emotional state and an interpersonal act. It can
be a process that goes on entirely inside the mind of the victim, or it can be a transaction
that occurs between two people, even without much in the way of inner processing”
(Baumeister, Exline, & Sommer, 1998: 86).

Acquiring full forgiveness is difficult because it involves a *transformation*. Forgiveness
requires a new mindset and a new behavioral pattern, not just a minor adjustment in cognition
and conduct (Pargament & Rye, 1998; Quinn & Cameron, 1988). It may involve abandoning
what is deeply felt, changing habits previously embraced as a way of life (e.g., a need to feel like
a victim, angry feelings, a righteous sense of injustice).
“To let go of justified anger and hurt, to think about the betrayal and the betrayer in a new light, to give up the well-deserved right to hurt back—all of these call for change at many levels: cognitive, affective, relational, behavioral, volitional, and spiritual” (Pargament & Rye, 1998:63).

Despite misconceptions associating forgiveness with weakness or timidity, to truly forgive is an indication of remarkable strength and discipline.

Misunderstandings about the virtuousness of forgiveness most often occur because forgiveness is not differentiated from other related, but conceptually distinct, concepts such as pardoning, condoning, excusing, forgetting, denying, minimizing, or trusting (Enright & Coyle, 1998; McCullough, Pargament, & Thoreson, 2000). Forgiveness is distinct from pardoning, for example, because pardoning refers to sparing an offender from legal penalties. Forgiving a perpetrator of offense is independent of whether or not the judicial system acts against the offender. Likewise, forgiveness is distinct from condoning and excusing, which imply that the victim accepts or justifies the offense. Responsibility for producing harm is removed from the offender by assuming that real offense has not occurred. As Veenstra (1992) argued:

“Overlooking, excusing, and condoning are theoretically not really forms of forgiveness. In all of these, the injuring person has done nothing wrong. There is no need for forgiveness if there has been no wrongdoing” (Veenstra, 1992:166).

Forgiveness is also distinct from forgetting. One need not erase the memory of the offense in order to offer forgiveness. In fact, Smedes (1984:60) argued that forgetting “may be a dangerous way to escape the inner surgery of the heart that we call forgiving.” Nor does forgiveness rely on denying that harm was done. Denial occurs when an offended party refuses to acknowledge the gravity of the harm, reduces the severity of the offense, suppresses anger, or
diminishes the significance of the experienced trauma. These mechanisms are used to avoid the effort involved in facing the consequences of the offense squarely, and they are not required for forgiveness to occur (Hunter, 1978; Fitzgibbons, 1986). Offended parties may experience anger, even rage, aimed at the transgressor. Yet, forgiveness may ensue as emotions, attitudes, and behaviors are transformed over time (Worthington, et al., 2000). Forgiveness usually does take time. Finally, forgiveness is distinct from trusting. Offenders need not be trusted just because they are forgiven. Abandoning negative emotions does not require that trust be re-established, even though a social relationship is renewed. Victims may not be sure that the offender will not harm again, but offering forgiveness to an offender now does not depend on the offender’s future behavior.

One other well-known approach to defining forgiveness was proposed by Enright, Santos, & Al-Mabuk (1989) and Enright and the Human Development Study Group (1994) in which they linked the reasoning associated with forgiveness to the Kohlberg (1981) moral development model. Six stages of forgiveness were proposed based on a different motive or condition applied by the forgiver to the offense. Following Kohlberg’s logic, a progression from stage 1 through stage 6 represents a progression from a less comprehensive stage of forgiveness to a stage where the forgiver experiences a more complete transformation.

Specifically, the first two stages of forgiveness are based on revenge and restitution. “I will forgive only if the offender is punished, suffers the same kind of pain I experienced, and is required to submit restitution.” The third and fourth stages are based on societal expectation and authority. “I will forgive if others (e.g., society) expect it or if a superordinate authority (e.g., my religious creed) indicates that I should.” The fifth and sixth stages are based on social relationships and on love. “I will forgive if it will re-establish good relationships and restore
peace. Or, I will forgive because of my ability to love the offender, regardless of conditions, requests, and his or her attitude and behavior” (Enright, Santos, & Al-Mabuk, 1989). The first five stages all are dependent on an external condition (e.g., retribution, justice, external expectation). Only in the sixth stage does forgiveness take place because of the internal attributes of the forgiver. Hence, whereas a transformation may eventually occur in each stage, only in the sixth stage is the transformation unconditional and a product of internalized virtue.

It is important to distinguish between a single forgiving response and the internalized attribute of forgiveness. One can forgive a single offense without demonstrating the virtue of forgiveness (Berry, Worthington, Parrott, O’Connor, & Wade, 2001). In individuals, this internalized attribute is referred to as dispositional forgiveness. To clarify, a forgiving response is more likely when three conditions exist: (1) the offender asks for forgiveness or expresses contrition; (2) the effects of the offense are not severe; and (3) the offense is unintentional (Sandage, Worthington, Hight, and Berry, 2000; McCullough, Pargament, & Thoreson, 2000). The virtue of dispositional forgiveness exists regardless of these external conditions, and it is demonstrated even in the presence of severe, intentional damage and where no remorse is demonstrated. It is the attribute of forgiveness--rather than a single forgiving response--that is of interest when studying forgiveness in organizational settings (Worthington & Wade, 1999).

Dispositional forgiveness, in other words, is a stable characteristic, consistent across context and time. In organizations, it is an institutionalized capacity and disposition. It is this inclination toward forgiveness--rather than a single forgiving response--that is of interest in explorations of organizational virtue. In theory, a non-virtuous organization could demonstrate forgiveness of a single misfortune or injury (e.g., a hostile take-over attempt) by not dwelling on the past offense and by forgiving the perpetrators (e.g., Chrysler’s forgiveness of former
chairman Lee Iacocca’s takeover attempt). On the other hand, a few organizations have developed the *virtue* of forgiveness which is demonstrated more comprehensively and universally, as we will illustrate below.

*Organizational forgiveness, then, is the capacity to foster collective abandonment of justified resentment, bitterness, and blame, and, instead, it is the adoption of positive, forward-looking approaches in response to harm or damage.* Forgiveness in organizations requires a transformation, and an organization becomes virtuous to the extent to which it encourages, supports, and facilitates such transformations.

**Effects of Forgiveness on Individuals**

It is important to note that the motive for forgiveness--individual or collective--cannot be instrumental. Forgiveness in search of reward is not true forgiveness. Virtues are inherently their own reward--or, in other words, forgiving occurs for its own sake, not to obtain external recognition or reward (Cawley, Martin, & Johnson, 2000; Hursthouse, 1999). If forgiveness produced no personal or organizational advantage, it would still be desirable because of its intrinsic goodness. Nonetheless, since virtue is “the state which makes a man good and which makes him do his work well” (Aristotle, 1103b24-25), there is some reason to believe that virtues in general, and forgiveness in particular, may lead to personal and social benefits.

For example, at the individual level, a growing body of evidence has linked chronic states of *unforgiveness* (including anger, hostility, resentment, and fear) to adverse health outcomes (Kaplan, 1992; Williams, 1989). Thoreson, et al. (2000) found that when people are unforgiving, allostatic load (the body’s stress response) increases along with the accompanying negative physiological effects over time (also see McEwen, 1998). Witvliet, et al, (2002) reported that
unforgiving responses are associated with significantly more depression, anger, and anxiety as well as cardiovascular problems and immune system compromise. Unforgiving responses (e.g., rehearsing the hurt) eroded health by activating intense cardiovascular and sympathetic nervous system reactivity (Witvliet, Ludwig, & Vander Laan, 2002). Moreover, unforgiving responses of blame, anger, and hostility were found to be associated with coronary heart disease and premature death (Affleck, Tenen, Coog, & Levine, 1987; Tennen & Afleck, 1990; Miller, Smith, Turner, Guijarro, & hallet, 1996; Witvliet, Ludwig, & Vander Laan, 2002). Acute and chronic stress (Kiecolt-Glaser, Glaser Cacioppo, & Malarkey, 1998) and poor immune system functioning and cardiovascular disease were also found to be associated with unforgiveness (Ader, Felten, & Cohen, 1991).

Forgiving responses, on the other hand, have been found to buffer ill-health by decreasing allostatic load and by promoting physiological and psychological healing (Thoreson, et al., 1999). Interventions that emphasized forgiveness were found to reduce coronary problems as well as improve mental health (Al-Mabuk, Enright, & Cardis, 1995; Coyle & Enright, 1997; Freedman & Enright, 1996; Friedman, et al., 1986; Kaplan, 1992; Witvliet, Ludwig, & Vander Laan, 2002). Evidence also suggests that forgiving another enhances cardiovascular fitness, emotional stability, mental health, learning behavior, creativity, and life happiness (McCullough, Pargament, & Thoreson, 2000; Sandage, Worthington, Hight, & Berry, 2000). Berry & Worthington (2001) reported that stressful interpersonal relationships are associated with alterations in the endocrine systems, the pituitary glands, and the adrenal hormones, and that forgiveness serves a buffering function in minimizing the harmful effects of these kinds of stress. They found that the quality of social relationships was significantly predicted by two
dispositional attributes: unforgiveness (trait anger) and forgiveness (love and empathy). The more the relationship is characterized by forgiveness, the healthier it is.

Forgiveness is further associated with long-term benefits to social adjustment, physical health, and mental health (Berry, Parrott, O’Connor, and Wade, 2001; Kaplan, 1992; Thoresen, Harris, & Luskin, 2000; Williams, 1989). Emotional and social stability are positively correlated with dispositional forgiveness, as is greater life satisfaction, self-esteem, and more complete recovery from disease (Ashton, Paunonen, Helmes, & Jackson, 1998; McCullough, 2000). Moreover, forgiveness is negatively correlated with detrimental personality factors such as neuroticism, worry, anxiety, depression, and hostility and is negatively correlated with physical illness (McCullough et al., 2000). In brief, developing the virtue of forgiveness has been shown to have benefits to physical, mental, emotional, and social health in individuals.

**Effects of Forgiveness on Organizations**

At the organization level, forgiveness has not been investigated empirically, but forgiveness in small organizations such as families and therapy groups provides evidence that forgiveness is associated with collective outcomes such as higher morale and satisfaction, and greater social capital, trust, humanness, and caring relationships in organizations (McCullough et al., 2000). Moreover, since organizational forgiveness is manifested by a collective abandonment of grudges, bitterness, and blame, and the adoption of positive, forward-looking approaches in response to harm or damage, it is particularly relevant when the organization has experienced harm or unjust treatment, as in the case of downsizing.

Extensive research has shown that a large majority of organizations report a sense of injustice, personal and organizational injury, and irreparable damage as a result of cutbacks
Almost all post-downsizing organizations develop negative internal attributes such as deteriorating morale, communication, trust, innovation, participative decision making, and flexibility. At the same time, they experience increases in conflict, rigidity, scapegoating leaders, secretiveness, politicking, fear, and short-term focus (Cameron, Whetten, & Kim, 1987). Because of these internal dysfunctions, organizational performance in areas such as employee turnover, quality, and productivity almost always suffer as well. Recovery from downsizing, and demonstrating organizational resiliency in spite of negative events, would seem to be associated with the capacity of the organization to collectively forgive the perceived harm, to move forward optimistically, and to set aside negative emotions and attributions (Cameron, 1998; Cameron, Freeman, & Mishra, 1991; Freeman & Cameron, 1993).

One study that explored this association measured six organizational virtues and three performance outcomes in organizations that had recently experienced downsizing and were suffering from its negative effects (Cameron, Bright, and Caza, 2002). The six organizational virtues, measured via questionnaire, included dispositional forgiveness, restoration forgiveness, hope, compassion, respect, and integrity. The outcomes, measured via company records, included employee turnover, quality, and productivity. Findings from this study indicated that organizational forgiveness is significantly associated with productivity after downsizing as well as lower voluntary employee turnover. In the aftermath of downsizing, in other words, when most firms deteriorate in performance (Cameron, 1998; Cameron, Whetten, & Kim, 1987; Morris, Cascio, & Young, 1999; Cascio, Young, & Morris, 1997), forgiveness appears to buffer negative effects and fosters the capability to move forward, to put aside feelings of injustice and harm, and to view the organization positively. Although not intended to produce instrumental
organizational performance, organizational virtues appear, nevertheless, to be positive predictors of desired outcomes.

**Leadership Implications of Organizational Forgiveness**

One problem with forgiveness as a virtue is that when it is most needed, when the positive individual and organizational effects of forgiveness are most essential, forgiveness is the least likely to occur. Peterson’s (in press) on-going survey of societal virtues, for example, found that the virtue of forgiveness deteriorated markedly in society after the September 11th terrorist attacks. In other words, under conditions when harm is the greatest, when injury is most noticeable, or when offense is most intentional and pointed, retribution and vengeance are the most likely responses rather than forgiveness (Staw, Sandelands, & Dutton, 1981; Spreitzer & Mishra, 2001). One former high-ranking military commander was purported to have said, for example, when asked if the United States should forgive the terrorists who planned the destruction of the World Trade Centers and the Pentagon: “It is God’s business to forgive the terrorists. Our business is just to arrange the meeting.”

On the other hand, an exemplary leader who demonstrates the virtue of forgiveness can have powerful impact of an entire organization. Since all human beings possess the capacity to be virtuous and are inspired by the demonstration of virtuous behavior (Fredrickson, 2000), virtuous leaders may be especially influential when forgiveness is least likely. A brief illustration is provided where intentional, grievous harm was followed by a display of forgiveness by a leader. The intent of the illustration is not to evangelize forgiveness as a virtue so much as to point out its utility under conditions of glaring offense.

Consider the conditions that existed in South Africa for the 50 years preceding 1990.
“The apartheid regime had kept the majority of its people--black and Indian and colored--separate, unequal. When they protested, they were often tortured. Death was frequently so gruesome as to defy even the most active imagination. And for a variety of reasons, those who suffered at the hands of the apartheid state usually suffered in silence” (Kroh, 1999: v).

“A consequence of apartheid was that white citizens in general adopted a dehumanizing position toward black citizens, to the point where the ruling order of the state ceased to regard them as fellow citizens and largely labeled them as ‘the enemy.’ This created a climate in which gross atrocities committed against them were seen as legitimate” (Report, 1998:2).

“Many South Africans remembered the Sharpeville massacre when, on March 21, 1960, a peaceful crown demonstrated against the pass laws and sixty-nine people were mown down when the police panicked and opened fire on the demonstrators, most of whom were shot in the back while fleeing. People recalled the Soweto uprising of June 16, 1976, when unarmed school children were shot and killed as they demonstrated against the use of the Afrikaans language as a medium on instruction. South Africa remembered that several people had died mysteriously while they were in police detention. It was alleged by authorities . . . that they committed suicide by hanging themselves with their belts, or they had slipped on soap while showering, or they tended to have a penchant for jumping out of the windows of the buildings where they were detained and questioned . . . . People were filled with revulsion when they saw how people were killed so gruesomely through the so-called “necklace,” a tire placed around the victim’s neck and filled with
petrol and then set alight . . . You were appalled that human beings, even children, could actually dance around the body of someone dying in such an excruciating fashion. Apartheid has succeeded all too well in dehumanizing its victims and those who implemented it . . . These and similar atrocities pockmarked our history and on all side it was agreed that we had to take this past seriously into account” (Tutu, 1999: 17-19).

After decades of unimaginable suffering and injustice, the decision was made to hold free elections in South Africa, meaning that the white minority government would be replaced by black leadership. The world predicted a bloodbath. Revenge and retribution were the most likely outcomes, as the oppressed became the oppressors. Instead, an example of virtuous leadership led to an entirely different outcome.

“Nelson Mandela emerged from prison not spewing words of hatred and revenge. He amazed us all by his heroic embodiment of reconciliation and forgiveness. No one could have accused him of speaking glibly and facilely about forgiveness and reconciliation. He had been harassed for a long time before his arrest, making impossible normal family life. By the time of his release on February 11, 1990, he had spent all of 27 years in jail. No one could say he knew nothing about suffering. A famous picture shows him on Robben Island . . . breaking rocks into small pieces. Such utterly futile drudgery could have destroyed lesser mortals with its pointlessness. And we know that his eyesight was ruined by the glare to which prisoners were later exposed as they labored in the lime quarry. Everything had been done to break his spirit and to make him hate-filled. In all this the system mercifully failed dismally. He emerged a whole person. Humanly speaking, we would be inclined to say that those 27 years were an utter shameful waste; just think of all he could have contributed to the good of South Africa and the world. I
don’t think so. Those 27 years and all the suffering they entailed were the fires of the furnace that tempered his steel, that removed the dross. Perhaps without the suffering he would have been less able to be as compassionate and as magnanimous as he turned out to be. And that suffering on behalf of others gave him authority and credibility that can be provided by nothing else in quite the same way.” (Tutu, 1999: 39)

The forgiveness exemplified by Mandela helped transform an entire nation. Upon his release from prison and his election as president of South Africa, Mandela established the Truth and Reconciliation Commission, chaired by Desmond Tutu, in which perpetrators and victims testified in public about the offenses that had occurred. Complete amnesty was granted to the perpetrators of crimes (including torture, murder, and rape) if they met four conditions: The public confession must be voluntarily given. The complete truth must be told. Wrongdoing must be acknowledged. A political motive must be established for the offenses. Establishing a political motive meant that if the harm--no matter how dastardly--was produced under direction of the government or police, or it was perpetrated to further the country’s apartheid agenda, the offender was eligible for amnesty. If the offense was committed with purely personal motives, amnesty as not granted. For example, if a person walked into a bank and shot the teller in a robbery, eligibility for amnesty was not granted. If the police ordered the person to enter the bank and shoot every black person in sight, amnesty was granted because the act was deemed a political act.

Whereas the Commission was not without controversy, the results were remarkable. Civil war was averted, and the impact of leadership forgiveness became widespread.

“Mercifully and wonderfully, as I listened to the stories of victims I marveled at their magnanimity, that after so much suffering, instead of lusting for revenge, they had this
extraordinary willingness to forgive. Then I thanked God that all of us, even I, had this remarkable capacity for good, for generosity, for magnanimity . . . (Tutu, 1999: 86)

Even among individuals far removed from direct contact with the top leader’s personal example, the effects of forgiveness were evident. Tutu recounts a remarkable incident involving a South African teenager in one of the Commission hearings:

“When she finished telling her story, she said she wanted to know who had killed her father. She spoke quietly and, for someone so young, with much maturity and dignity. You could have heard a pin drop in the hushed City Hall when she said, ‘We do want to forgive but we don’t know whom to forgive.’” (Tutu, 1999: 149).

The example of Nelson Mandela demonstrates the potential influence that leaders can have in helping individuals and collectivities overcome even the most severe offense. Under conditions of organizational injury or harm, such as when organizations downsize, leaders play an especially important role in exemplifying virtuous behaviors. Because every human being possesses the capacity for virtuousness and is inspired by demonstrations of virtuous behavior (Fredrickson, 2000), virtuous leadership has the most potential impact when virtue is least likely to be demonstrated. When forgiveness is absent but needed, for example, a leader may be able to begin the healing process in an organization mired in bitterness, victimization, and negativity.

Leaders can play two vital roles in fostering forgiveness and, consequently, the healing that allows the organization to move forward (Cameron, 2002):

1. Leaders provide meaning and vision. Leaders should acknowledge the trauma, harm, and injustice that their organization members have experienced, but they should define the occurrence of hurtful events as an opportunity to move forward. A new target for action is identified.
Leaders should associate the outcomes of the organization (e.g., its products and services) with a higher purpose that provides personal meaning for organization members. This higher purpose helps replace a focus on self (e.g., retribution) with a focus on a higher objective.

Higher standards are not compromised. Forgiveness is not synonymous with tolerance for error. Forgiving mistakes does not mean excusing them or lowering expectations. Forgiveness should facilitate excellence and improvement rather than inhibiting it.

2. Leaders provide legitimacy and support. Leaders should communicate that human development and human welfare are as important in the organization’s priorities as the financial bottom line. When organization members experience this kind of understanding and support, as well as positive developmental experiences, they catch sight of an avenue for moving past the injury. This kind of support also provides the foundation upon which positive financial performance is built.

Leaders should pay attention to their language. Since forgiveness almost always occurs in partnership with other virtues (McCullough, 2000; McCullough, Rachal, et al., 1998), the common language used by leaders should include virtuous terms such as forgiveness, compassion, humility, courage, and love. Public expressions using virtuous terms make it visible and legitimate for employees, as well as external stakeholders, to behave virtuously.

Leaders should also highlight, celebrate, and amplify virtuous actions through reinforcing structures, systems, and routines. Stories and scripts that define the core values of the organization should contain examples of forgiveness and virtue. Organizational resources should be made available to support a transformation in which the negativity of the past is left behind in favor of a positive future.
Conclusion

In sum, the investigation of virtues in organizational life has been neglected. Systematic and rigorous studies of the development and demonstration of virtue have been all but absent in the organizational sciences. This article highlights the potential impact of virtues in organizations, particularly the power of forgiveness, to affect individual and collective outcomes. Under conditions of organizational injury and trauma, such as when organizations downsize, for example, leaders have an especially important role to play in demonstrating virtuous behaviors. We invite scholars in the organization sciences to begin exploring these important but long-neglected phenomena of positive deviance and organizational virtue.
<table>
<thead>
<tr>
<th>Traditional Concept Question</th>
<th>Virtue Question</th>
</tr>
</thead>
</table>
| *Ethics:* What is my obligation?  
How can harm be avoided? | *Virtue:* What is the ideal?  
How can good be produced? |
| *Morality:* What is right? | *Virtue:* What is best? |
| *Values:* What are the underlying assumptions,  
expectations, and orientations?  
What is normative and assumed? | *Virtue:* What is good?  
What is life giving? |
| *Effectiveness:* Are we achieving our goals,  
creating value, and performing successfully? | *Virtue:* Are we fostering our finest?  
Are we pursuing the highest human potential? |
| *Competency and Capability:* How can we achieve  
our objectives? Can we do better than others? | *Virtue:* Is there profound purpose in  
what we do? |

(SOURCES: Becker, 1992; Cameron Quinn, 1999; Dent, 1984; Kohlberg, 1981; Overholser, 1999; Sandage & Hill, 2001; Schein, 1985; Walker Pitts, 1998)
FIGURE 1  A Continuum Illustrating Positive Deviance

**Individual:**

<table>
<thead>
<tr>
<th>Physiological</th>
<th>Illness</th>
<th>Health</th>
<th>Olympic Fitness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychological</td>
<td>Illness</td>
<td>Health</td>
<td>Flow</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative Deviance</td>
<td>Normal</td>
</tr>
</tbody>
</table>

**Organizational:**

<table>
<thead>
<tr>
<th>Effectiveness</th>
<th>Ineffective</th>
<th>Effective</th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency</td>
<td>Inefficient</td>
<td>Efficient</td>
<td>Extraordinary</td>
</tr>
<tr>
<td>Quality</td>
<td>Error-prone</td>
<td>Reliable</td>
<td>Perfect</td>
</tr>
<tr>
<td>Ethics</td>
<td>Unethical</td>
<td>Ethical</td>
<td>Benevolent</td>
</tr>
<tr>
<td>Relationships</td>
<td>Harmful</td>
<td>Helpful</td>
<td>Honoring</td>
</tr>
<tr>
<td>Adaptation</td>
<td>Threat-rigidity</td>
<td>Coping</td>
<td>Flourishing</td>
</tr>
</tbody>
</table>
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**Veenstra (1992)**


