

# **Embedding Humanizing Cultures in Organizations through Moral Identity and Institutional Leadership: The ‘Strategic’ Role of HRM**

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# Embedding Humanizing Cultures in Organizations through Moral Identity and Institutional Leadership: The ‘Strategic’ Role of HRM

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Today the firm is one of the main places of formation of the human character [Zamagni 2013: 18]<sup>1</sup>

The concept of corporate culture, first and foremost, is distinctively and irreducibly *social*. It presupposes the existence of an established community and it explicitly rejects atomistic individualism. Individuals are part of a culture insofar as they play a part in that culture, participate in its development and fit into its structure. Cultures are by their very nature (more or less) harmonious, that is, they are not possible unless people cooperate and share some minimal outlook on life [Solomon 2004: 1032]

HR professionals operate as leaders within their organizations no matter the position they occupy in the formal hierarchy [Meglich 2017: 1210]

## 1. Introduction

This paper builds primarily on a certain discomfort with growing emphasis, in management theory and practice, on concepts like ‘sustainability proceduralization’, ‘creating shared value’ (CSV) and ‘materiality matrix’ as bringing out solutions for the promotion of ethical business conducts and the delivery of social value by market firms. Undoubtedly, they provide suggestions and methods that may contribute to the production of socially positive corporate practices and so be helpful to make companies more proactive societal actors. Nonetheless, these approaches entail a superficial conception of the firm’s moral agency and role in society.

Take the case of the widespread adoption of voluntary management system standards in corporate sustainability practices, aimed at improving the ‘triple bottom line’ of organizational economic, social and environmental performances. In a nutshell, these proceduralized control systems are considered as offering models through which firms can

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<sup>1</sup> My translation from Italian.

enhance their effectiveness in achieving a set of desired outcomes, be they satisfying customers' quality requirements, ensuring ethical workplace conditions and treatment of workers throughout global supply chains, or acting in an environmentally-friendly way.<sup>2</sup> A key common feature of these instruments is their planned process approach, based on a four-stage basic operating principle that involves setting objectives and policies, designing procedures for both operationalizing plans and measuring outcomes, feeding the results back into the system through reports and taking remedial action where appropriate. Apart from the well-known possibility that such practices mainly correspond to isomorphic 'rituals of certification' (Power 1997) linked to image management and window-dressing strategies, a significant problem has to do with the fact that the use of proceduralized control systems, as a form of instrumentally rationalized behavior, may actually result in the production of 'moral indifference' (Crane 2001, Jones et al. 2005); that is, the collective (and subjectively dis-engaged) reconstruction of issues imbued with moral meaning as technical matters, to be addressed by resorting to sets of established formal routines and rules whose application often entails categories (e.g. cost or risk minimization) quite close to those of business-as-usual discourse.

On its part, the 'Creating Shared Value' (CSV) model, as fully articulated by Porter and Kramer (2011) in their now-famous *Harvard Business Review* article, has enjoyed considerable success among corporate managers as well as relevant actors in civil society and public policy-making involved in corporate social responsibility (CSR) issues; and this to the point that several multinational companies are implementing CSV initiatives around the world and the CSV terminology has now taken center stage in official public recommendations and action plans (e.g. the current European Union strategy on CSR). This is mainly due to the attractive definition of CSV in terms of win-win solution, i.e. "policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the community in which it operates" (Porter and Kramer 2011: 66), with its ambitious declared purpose being to "reshape capitalism and its relationship to society" (ibid.: 64) and so re-legitimize business in times in which the capitalist system has to face a clear legitimacy crisis. On the other

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<sup>2</sup> In the category of certifiable management system standards that have more or less direct relevance to issues of social responsibility, we can cite the following best-known examples: the ISO 9001 standard for quality management; the ISO 14001 standard for environmental management; the OHSAS 18001 specification for implementing an occupational health and safety management system; the SA 8000 workplace standard, usually referred to as a social and ethical accountability scheme. Moreover, what has been taking place for quite some time now is the development of organizational integrated management systems combining different standards.

hand, some critical commentators (e.g. Beschorner 2013, Crane et al. 2014, Hartman and Werhane 2013) have contested the originality of the model's central tenets (e.g. a narrow understanding of extant CSR literature and practices as basically focusing on philanthropy) and operational suggestions (e.g. reconceiving products and markets and redefining productivity in the value chain). What appears particularly convincing, however, is the idea that the crucial problem of CSV lies with the essentially economic logic on which it is grounded. This manifests itself not only by glossing over the dilemmas arising when tensions between economic and social values (instead of the prospect of a win-win scenario) are apparent, but, above all, by framing societal needs not as another guiding principle in addition to the profit motive or, more explicitly, "not as ethically important ends, but rather as (economically smart) means for successful companies" (Beschorner 2013: 109). In this respect, it seems somewhat symptomatic that a recent analysis by de los Reyes et al. (2017), which is essentially sympathetic towards Porter and Kramer's proposal, alludes to augmenting CSV with ethical frameworks as the most needed way to realize its full potential.

The same critical point seems to be at the heart of another sustainability assessment tool that today is gaining increasing popularity among firms, namely, the 'materiality matrix'. This device is intended to help companies in determining and attending to triple bottom line issues – say energy efficiency, corporate governance and workplace diversity – that can be defined as 'material' (i.e. relevant) in that they simultaneously meet the two conditions of impacting the firm's competitive growth and being important to stakeholders. Despite a renewed vocabulary referring to 'stakeholder engagement' and 'multistakeholder strategy', this approach is not too far from traditional strategic stakeholder management to the extent that it tends to prioritize stakeholders depending on their 'power' and their interests' capacity to influence business performance and profitability.

In sum, while favoring the emergence of attention and practices oriented to the social dimension and impacts of business, such approaches appear to be based on a fundamental model of the firm that oscillates between two views. The first one, at the end of the day, embraces an economic conception of the firm with its 'flawed assumption' (Bower and Paine 2017) of shareholder centrality and the consequent idea that organizational resources have to be managed to the benefit of the value of shareholders, i.e. the maximization of their wealth. The second view represents an expansion of the first

one and develops the vision of the firm as a 'society of shares' into a vision of it as a 'society of interests' (Naughton 2006: 35), in which one relevant aim of corporate policies and managers is to balance the different and often competing interests by a variety of stakeholders (shareholders, workers, consumers, the community, the natural environment etc.). Indeed, the perspectives mentioned above present themselves and are commonly understood as adhering to the latter vision; yet, as hinted at, a closer look may lead into suggesting that, ultimately, they do not get out of the confines of a general paradigm according to which the most legitimate purpose of the company is the production of economic value for its owners.

But even regardless of the fact that they imply a classical shareholder view of the purpose of business or a broader vision of this purpose as being the creation of benefits for its stakeholders, these approaches, more profoundly, proceed from a conception of the nature of the firm depicting it as an "association of individual parts with private interests that don't have any real or organic relationship to others or to the whole" (Johnson et al. 2013: 69); that is, a more or less large aggregate of interests and contracts (Naughton 2015), a nexus of transactions that mainly involve an exchange of material resources or goods and are primarily framed in terms of economic advantages and costs.

Differently, this paper adheres to the Catholic Social Thought (CST)'s view of the firm as a community of work. In the next two sections, I move on to this and other key underpinnings of the understanding of firm's moral agency proposed in this paper, regarding in particular organizational humanizing cultures and corporate character; in the following ones, I develop my central contention that Human Resource Management (HRM) practices can play an essential role in embedding humanizing cultures through an influence on the development of employees' moral identity and through institutional leadership.

## **2. The firm as a community of work, organizational humanizing cultures and character**

To begin with, the paper takes as a starting point – and fully shares – the idea that the enterprise has to be seen and built up as a 'community of persons' or a 'community of work'. This is a recurring concept in Catholic social doctrine: explicitly introduced in Pope

John XXIII's Encyclical *Mater et Magistra* (1961, no. 91 and no. 142) and especially highlighted in Pope St. John Paul II's Encyclical *Centesimus Annus* (1991, no. 35), it is variously referred to or implied by recent Encyclicals of Pope Benedict XVI (*Caritas in Veritate*, 2009) and Pope Francis (*Laudato Si'*, 2015) as well as by other major documents of Catholic social teaching (e.g. *The Catechism of the Catholic Church*, *The Compendium of the Social Doctrine of the Church*), in those parts where they explain that the (legitimate) profit of a firm should be used to serve higher human values and social ends. This Catholic notion of community of work has been further explored by scholars stressing the moral thinness of the model of the enterprise as an association of self-interested individuals and groups (e.g. Melé 2003a and 2012, Naughton 2006 and 2015, Sandelands 2009).

According to this stream of reflection, persons in the company – due to their social nature – have the capacity to relate to each other creating social bonds through their human lives that are well beyond their individual self-interested motives and acts. As a consequence, a community of work really unites the persons participating in it. Although maintaining their own specificities, through the establishment of these 'bonds of communion' (Johnson et al. 2013: 74) they relate their actions and engagements to others and cooperate towards a common value and supra-individual common goods and goals; and, by all this, they find subjective meaning of who they are and grow and flourish as human beings.

Two points are noteworthy here. First, as originally emphasized in Pope St. John Paul II's Encyclical *Laborem Exercens* (1981, no.6), the subjective dimension of work deals with the fact that the choices and activities that people make – and are allowed or encouraged to make – in their work organizations have an impact on their own capacity for human flourishing in a community of persons. Secondly, not only does the key concept of 'common good' refer to the development and well-being of persons and groups directly involved in the community, but, more holistically, it extends to all subjects who are connected with and impacted by the enterprise: a community of work "is only authentic when it serves the needs of those outside it, which is the basis of *developing* those within it" (italics in the original) (Naughton 2006: 54). This takes place by providing services or goods (and, in general, establishing 'external' relationships) that meet the needs of the world around the firm, and in such a way so as to favor the human growth of persons in this context. In other terms, the existence of a community of work entails a substantial interdependence between human flourishing in and around the company. In this overall

perspective, then, the enterprise can and must manage its human, financial and technical resources in order to create conditions that foster human development and the common good; conditions under which, ultimately – since this view’s anthropology is theologically grounded –, persons are enabled to develop in the image of God and in relationship to God.

A second tenet of the paper’s underlying framework is that the enterprise as a community of persons is embedded with an organizational culture and, more particularly, an organizational humanizing culture. As supported by a robust body of theoretical and empirical research (e.g. Alvesson 2002, Alvesson and Sveningsson 2008, Martin 2002, Schein 1992), in an organization’s life shared systems of meaning tend to emerge and develop over time which are primarily associated with the collective perception of a sort of uniqueness of the firm’s competences and ‘ways of doing things’. These distinctive socially constructed codes of meaning are what mainly constitutes an organizational culture.

In particular, studies of organizational culture conducted in a sociological and anthropological vein depict it as a complex phenomenon: on one hand, the core maps and norms of a culture orient employees’ interpretations of internal and external reality and how they relate to it in their action and conducts; on the other hand, a real company’s culture cannot take root and be shared if it is not connected in some way to common experience concretely lived by organizational members, and this implies refuting the simplistic – albeit, perhaps, attractive and quite widespread – idea of ‘cultural engineering’, i.e. that culture can be unilaterally shaped and managed from above so that organizational goals are more likely to be achieved.

Three elements can be regarded as constitutive of organizational culture (Gagliardi 1990): *logos*, which through beliefs corresponds to cognitive experience; *pathos*, which through ways of ‘feeling’ involves sensuous and aesthetic experience; and *ethos*, which through values and norms refers to moral experience. The third component, *ethos*, is of special relevance here, because considering it as an essential part of organizational culture leads into arguing that culture has an influence, for better or worse, on ethical behavior of and within enterprises. Therefore, in light of the CST’s concept of community of work outlined above, an issue worth addressing regards the existence and traits of organizational cultures that promote human flourishing. Melé (2003b) defines these as ‘organizational

humanizing cultures', in that they "are appropriate to the human condition and foster human fulfillment" (p. 4).

An organizational humanizing culture can be recognized by a set of features (e.g. respect, care and service for persons within and around the enterprise), which, as a whole, relate the development and enactment of shared values revolving around the principles of the common good and human dignity. The latter, a milestone in CST tradition, refers to the creation of all those conditions that are necessary for a fully human existence, ranging from material goods to goods at the basis of people's intellectual, moral and spiritual growth, so also including what today is commonly called as human rights.<sup>3</sup> And, in describing humanizing cultures, to these two principles we might well add other ones which the social teaching of the Church sees as pivotal to a sound social life, such as the participation principle (favoring the active role of persons joined together in a community), the solidarity principle (taking direct responsibility for protecting human dignity of others) and the subsidiarity principle (allowing people to exercise autonomy at the 'local level' also as a means of self-expression and self-development).

From another angle, drawing on the application of modern virtue ethics to business, an organizational humanizing culture can be regarded as a central feature – or even the basic component – of the 'character' of a virtuous enterprise. As implied by some scholars (Alzola 2013; Moore 2005, 2015 and 2017; Wright and Goodstein 2007) in their work about the relevance of the notion of character to current organizational analysis and business ethics, the potential of this notion has mainly been untapped in research, due especially to the definitional ambiguity with which it has often been treated in attempts to build bridges between philosophical and psychological studies. For space reasons, I gloss over this and other important related issues addressed in classical and more recent debates surrounding the concept. What is mostly worth observing here is that, in speaking of character, we have to stress a fundamentally moral perspective. Character chiefly refers to the moral dimension of an agent, and can be intended as consisting of a set of traits and dispositions that, shaped by experience and habituation and in this way becoming

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<sup>3</sup> When properly understood in conjunction with the principle of human dignity, the common good entails a commitment to 'integral human development' (cf. Paul VI's Encyclical *Populorum Progressio*, 1967, no. 43; and, more recently, Benedict XVI's Encyclical *Caritas in Veritate*, 2009, no. 67). From this standpoint, the common good is not only the good of all persons but also that of the whole human person, with regard to the needs and potentialities of human development linked to her material, socio-cultural, ethical and religious life.

relatively enduring, tend to engender virtuous actions (the case of an ethical or moral character) or vicious ones (the case of an immoral character).

It is widely recognized in virtue ethics that this applies to the individual level, where the development of virtuous character involves acquiring personal moral features, habits and patterns of behavior. But we may talk about an organizational-level character as well. In particular, an organizational character is given by those traits of a firm that enable or enhance (or, differently, neutralize or undermine) morality on the part of its members. According to Neubert et al.'s more extensive conceptualization (2009: 157), corporate character is "the summary of characteristics that develop over time in response to an organization's challenges and opportunities" (and this reminds us of the processual and 'historical' nature of organizational culture) and "can be characterized by virtue in promoting morally laudable attributes and behaviours or it can be characterized by vice in promoting immoral behaviour". In this vein, we can "recognize that these features have causal effect on individuals, managerial and otherwise, within the organization; they cause them to behave in particular ways" (Moore 2017: 595).

What just said is a central point of passage of this paper in that it argues for the possibility of adopting the virtue ethics lens at the level of the organization, suggesting in particular that organizational character may play a key role in influencing the moral behavior of persons within the company.

Interesting insights for analyzing the conditions that can favor and sustain a virtuous corporate character have been provided by recent developments in virtue ethics elaborating on the approach of Alasdair MacIntyre, especially through the contributions of Moore (Moore 2002, 2005 and 2015; cf. also Beadle and Moore 2006, Moore and Beadle 2006, Moore et al. 2014). By drawing largely on MacIntyre 'virtues-goods-practice-institution' schema, but also trying to give more systematic (and, in some sense, critical<sup>4</sup>) consideration to the relationships between its parts, this work results in an integrating framework whose basic structure can be very concisely sketched as follows:

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<sup>4</sup> For instance, and in general, this MacIntyrean approach does not fully agree with MacIntyre's apparent severe pessimism about the prospects of the capitalist form of business organization, finding within his theory elements for addressing constructively (i.e. even in a change or reforming perspective) the moral problems of capitalism.

- business as a range of activities (research and development, production, marketing etc.) constitutes a ‘practice’, i.e. a complex and coherent form of cooperative human activity, whose realization enables the members of the community engaged in the practice to achieve its ‘internal goods’ concerning both the excellence of the outcome of the activity (the ‘products’) and the perfection of individuals involved;
- business as a practice is and must be housed within a particular ‘institution’, the corporation, which, exactly by its institutional nature, is typically concerned with ‘external goods’ such as profit, reputation, power and, more generally, effectiveness and success; whereas external goods derived from the institution are necessary to sustain the flourishing of the practice (they actually are goods), a privileged focus on the pursuit of them for their own sake can erode the practice at the core of the organization and so inhibit the attainment of internal goods;
- exercising virtues (e.g. courage, truthfulness, justice, constancy) allows people in the organization to engage in the practice and achieve internal goods while warding off threats from the acquisitiveness of the institution housing the practice; this means that virtues are simply necessary for the development of the practice and, consequently, for persons to obtain internal goods and be enabled on their ‘narrative quest’ towards their own *telos* or purpose of a good human life;<sup>5</sup>
- in addition, the activity of sustaining the life of an institution that houses a practice can itself be considered as a form of practice, giving those – e.g. senior managers – who have roles in it the opportunity to achieve its internal goods by exercising the virtues;
- in the end, the practice-institution combination may be viewed as both an intimate relationship and an essential tension between them (which entails the possible dilemma between internal goods of excellence and external goods of success); if so, the challenge lies exactly in maintaining a proper balance between the pursuit of internal and external goods, one that prioritizes the former but without excluding the latter (which is necessary, although subordinate).

Now, according to this model, the virtuous institution (i.e. corporation) is the one able to meet that challenge. Most interestingly, attention is drawn to the relevance of a set of

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<sup>5</sup> In this sense, in line with MacIntyre’s account, persons are ‘story-telling’ animals: they can make sense of their life and practices by engaging in a narrative exploration, a search for their own *telos*. Significantly, not only does this narrative quest unfold and acquire clearer meanings on the way of an individual’s life, but it also needs to be accomplished within the context of a community’s relationships and narrative, so interweaving with the interpretation in the community of a shared sense of *telos*. This communal aspect is clearly related to MacIntyre’s neo-Aristotelianism and, not surprisingly, has an important point of connection with the CST’s idea of ‘community of work’ depicted above.

critical preconditions if a virtuous or moral organizational character is to be developed and upheld (Moore and Beadle 2006, Moore *et al.* 2014): a) having a good purpose, which refers to the common goods of the communities in which persons can attain the goods of their lives<sup>6</sup> and also implies the pivotal role of institutional leaders in “the institution’s own sense-making around purpose” (Moore *et al.* 2014: 786); b) the presence of virtuous agents at the level of both core organization’s practice(s) and institutional (i.e. managerial) action; c) the mode of institutionalization, which chiefly regards decision-making processes and criteria and how these influence the capacity of the company to prioritize internal goods derived from business practice while, at the same time, ensuring access to those external goods (profit as well as other instrumental resources) that sustain the flourishing of the practice (here, a critical point is that of participation of persons in decision-making, whose lack impacts negatively on the unity of their moral life and the prospects for moral agency); d) a conducive external environment, one that allows or even supports the development of a firm’s virtuous character, taking however into account that, at least in some measure, organizations can be able to select, influence or ‘construct’ the environment with which they interact.

In light of such prerequisites, several mechanisms are identified that may contribute to the ‘crowding-in’ of virtue to business organizations. Among them, we find: sharing and debating the (good) purpose of the organization not only at top management levels but throughout the whole organizational community; enhancing employee participation in decision-making processes; designing and assigning jobs that support persons in privileging intrinsic motivation for doing tasks; selecting and then cultivating members with pro-social interests and values, also with reference to high-level positions (incidentally, those from which the effort to create a conducive environment can be exerted more directly). I will return again to this, especially when focusing on some of these, and other, mechanisms in the context of the crucial role HRM has to play in embedding organizational humanizing cultures.

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<sup>6</sup> In this emphasis on the common good, via MacIntyre’s theory and its (peculiar) version of Thomism, we find a second thick point of connection with CST.

### 3. The organizational character-culture nexus

Although the possibility of attributing agency, and so moral agency, to organizations remains a debated issue in both organization and business ethics research,<sup>7</sup> in the previous section a view has been emphasized according to which it surely makes sense to refer to organizational character as a 'formative context' that engenders (or diminishes) virtuousness in organizations. In particular, it has been suggested that the development of virtuous or moral organizational character is deeply interdependent with the formation and maintenance of an organizational humanizing culture based, firstly, on the principles of human dignity and the common good. But how can we frame the relationship between the concepts of corporate character and corporate culture?

Moore (2005) establishes a clear distinction (even somewhat an opposition) between organizational character and culture, by contending that, whereas the 'character-virtues' combination is oriented to internal goods, the 'culture-values' combination may entail a prominent focus on external goods such as corporate success. This argument rightly points to the fact that organizational culture literature – especially, we may add, its part having management practitioners as the main target audience – has often proposed a performative view of culture, based on the premise that it has to, and actually can, be created and changed to gain a competitive advantage.<sup>8</sup>

This acknowledged, however, stress must be placed on the thick nature of corporate culture and its processes. From a complex perspective, culture is not simply a set of rules and guidelines to which employees may be led to adhere (to the hoped-for advantage of some performance goal). Organizational cultures are "distinctively and irreducibly social and opposed to atomistic individualism" (Solomon 2004: 1035) in that they are generated within a structured community of persons and through their interrelationships. Organizational cultures often, over time and by experience in the community, acquire a history, produce a shared identity and develop into a durable 'texture'. And this texture also concerns ethical issues and demands, which, for example, deal with the firm's sense

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<sup>7</sup> It is worth noting that Moore himself, in his writing about corporate character, adopts a seemingly ambivalent stance: on one side, weight is given to positions refuting the notion of the organization possessing (moral) agency in an ontological sense; on the other side, it is contended that speaking of organizational-level character and virtues performs an expressive or metaphorical function of great practical use to allude meaningfully to organizational conditions affecting the moral behavior of individuals.

<sup>8</sup> This perspective frequently goes hand in hand with the reductionist view of 'cultural engineering' mentioned above.

of mission and morality with respect to its social role and responsibilities. From this point of view, culture may well entail a development process not dissimilar to that sustaining character formation.

Thus, considering that character – as understood at the individual and, by extension, organizational level – is significantly related to agents' identity traits and has mainly to do with moral (virtuous or vicious) life, we may conclude that corporate culture plays a prominent role in the development of corporate character. In other terms, we can look at organizational culture as the necessary vehicle for the embodying of organizational character in organizational practices;<sup>9</sup> this, perhaps, to such an extent that in some cases we may even use the two notions interchangeably, provided that awareness of the conceptual and analytical issues involved is maintained.

#### **4. The institutional character of organizations and institutional leadership**

A fruitful way of going further in this argument can be found in the perspective of the American sociologist Philip Selznick, by considering his view of organizations as 'institutions' (1957) and his subsequent emphasis on the moral dimension of these institutional entities (1992). Regrettably, Selznick's so-called 'old institutionalism', with its essential ideas that individual organizations tend to develop unique characters and that this involves issues of organizational integrity and social responsibility (see just below), is nowadays quite underappreciated. And this is the case of both organization studies, where 'new institutionalism' scholars' engagement is typically with macro-processes at the level of entire organizational fields, and current business ethics research, where in general Selznick's call for attention to the conditions of organizations' institutional integrity has not been addressed.

Another starting observation to be made is that in Selznick's theory the concept of 'institution', as applied to organizational reality, takes on a different meaning than the one

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<sup>9</sup> Significantly, while re-emphasizing the need to distinguish neatly between corporate character and corporate culture, Moore and Beadle (2006) regard 'a supportive culture' as one organizational feature facilitating the development of a virtuous corporate character (together with a just purpose, a power-balanced structure and decision-making systems fostering critical dialogue). Even more explicitly, in the folds of his reasoning Moore (2005: 668) comes to affirm that what "becomes evident" is "the requirement of character [...] to encourage a supportive culture that will enable an appropriate *balance* of internal and external goods to be achieved" (italics in the original).

used in a MacIntyrean perspective. In particular, whereas this refers to institution as the domains of organizational activity characteristically concerned with the achievement of external goods (like money and competitive advantage) and only instrumental to the attainment of internal goods, for Selznick an institution is inescapably value-centered: it is a socio-cultural structure into which an organization is transformed through institutionalization. This is a process of value and meaning infusion resulting in the formation of the distinctive character of the organization, i.e. an organizational identity that, when speaking of the responsible enterprise, defines “an *inner* commitment to moral restraint and aspiration” (italics in the original) (Selznick 1992: 345). To say it a bit roughly, while in the former use of the term ‘institution’ we allude primarily to conditions that may constrain human flourishing in organizations, the latter one draws our attention primarily to conditions that may promote positive moral agency in organizations.

In brief, Selznick suggests that organizations, which are created as purely technical systems aimed at instrumental rationality in the pursuit of specific formal goals, become institutions over time. Organizational institutionalization is a process of dynamic adaptation that takes place as organizations respond to internal and external forces, which are to be found within organizations themselves (with their particular constituencies) as well as the social environments and communities where they operate. This process essentially and necessarily involves taking on commitments and core values: “to institutionalize is to infuse with value beyond the technical requirements of the task at hand” (Selznick 1957: 17). The outcome of institutionalization is the development of a distinctive character of the organization, a coherent pattern of ways of acting that reflects its ‘distinctive competence’ in fulfilling certain value-laden commitments internally as well as externally.

According to Selznick, character is an attribute of institutionalized organizations in the same way as it is for persons and refers to “a configuration [that] consists of morally relevant, variably integrated capacities and commitments, [...] habits, dependencies, interests, and values – all, for the most part, unconsciously developed and embraced” (1992: 35). Nonetheless, as will be commented on shortly talking of institutional leadership, “character is also in some measure chosen. The task of moral awareness – and of leadership – is to replace uncontrolled, unreflective development with more controlled and deliberate ways of forming moral agents” (ibid.). In other terms, for Selznick “an institution is an organization with ‘character’”, to use Ansell and colleagues’ brilliant

synthesis (2015: 91). And this has interesting points of convergence with several ideas suggested just above in this paper.

First, it clearly implies the plausibility of conceiving organizations as social actors in themselves. By becoming an institution and developing character, “an organization acquires a self, a distinctive identity” (Selznick 1957: 21); that is, it takes on actor-like traits, which enable it to make decisions and take action – so to say – semi-independently from people within it and their preferences and goals.<sup>10</sup>

Second, Selznick’s emphasis on organizational character as collective identity leads to see cultural components as key in the process of institution building and its consequent influence in organizational life and action. Organizational identity is a “collective sense of who we are and what we do as a collective” (Raffaelli and Glynn 2015: 297) and forms from the cohering of institutionalized values, which then are a cultural source of meaning and can be concretely experienced by members through the symbolic mechanisms of culture (see below).

Third, and even more importantly, Selznick’s view places stress on the ethical nature of institutional character, that is, the possibility and the potential for organizations, as social actors, to be also moral actors. In particular, organizational moral agency is connected to ‘institutional integrity’; i.e., “the persistence of an organization’s distinctive values, competence and role” (Selznick 1957: 119), where such values are “something which in the given organization is taken as an end in itself” (ibid.: 57) and “can be changed, if at all, only at the risk of severe internal crisis” (ibid.: 40). The extent and direction of this moral agency (its being weak or strong, virtuous or vicious) depend fundamentally on the features and contents of institutionalization. So, in general, it is difficult to define the moral worth of an institution without knowing the ends its character serves. But, while Selznick initially treats this issue in a neutral way, his later work based on a communitarian interpretation of morality dwells in particular on institutional integrity as a condition for organizational moral responsibility – or, better, “reflexive responsibility” (Selznick 1992: 338) –, which emerges when the organization considers the effects of its activities and its role in the wider community in the light “of the ends and means to which it is committed”

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<sup>10</sup> According to King et al. (2010), this definitely calls attention to “the ontological status of the organization as a distinct kind of social entity [, which] is not well theorized given the present focus on social phenomena above or below the organization-level line of sight” (p. 291).

(ibid.: 350). From this point of view, it remains true that the main sign of character integrity (ibid.: 322) is “fidelity to self-defining principles” and that striving for it “is to ask: What is our direction? What are our unifying principles?”; it is also claimed, however, that “integrity presumes at least a core of morally justifiable commitments. [...] It is something we associate with moral coherence, not with coherence of every sort” (ibid.). Returning to one main concept in this paper, these suggestions (with their underpinning ideas regarding organizational character and identity) offer an illuminating account of key conditions and mechanisms that sustain the embedding of organizational humanizing cultures.

As implied by its title (*Leadership in Administration*), not only does Selznick’s 1957 essay provide an understanding of organizations as institutions but it is mainly focused on the role of ‘institutional leadership’ within them, which consists in “the promotion and protection of values” (p. 28). The primary concern of institutional leadership is with the development and maintenance of the organization’s character and its underlying values, and this makes it different from both administrative management (as principally concerned with operational choices and technical efficiency) and charismatic leadership (as essentially based on psychological mechanisms of influence<sup>11</sup>). This, of course, does not entail that institutional leadership in action is or should not be preoccupied with the technical demands of organizational functioning. Rather, the point is that losing sight of core institutional values in meeting technical imperatives results in the failure of institutional leadership: “To be sure, no institutional leader can avoid concern for the minimum conditions of continued organizational existence. But he fails if he permits sheer organizational achievement, in resources, stability, or reputation, to become the criterion of his success”<sup>12</sup> (Selznick 1957: 27).

Institutional leaders play a paramount role in institutionalization in that they sustain the process of imbuing organizations with values and a collective identity: one central task they carry out – or should perform – is “the elaboration of socially integrating myths” (Selznick 1957: 151) through “techniques for infusing day-to-day behavior with long-run meaning and purpose” (ibid.). So, by using this lens, we may say that these “leaders are

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<sup>11</sup> In part this may explain why Selznick’s insightful contribution to the concept of leadership has been substantially neglected in leadership studies. This is also the case with recent approaches (e.g. theories on transformational leadership and empowerment), whose focus remains on psychological and interpersonal processes somewhat at the expense of an analysis of the social structure in which these are framed.

<sup>12</sup> This tension between the institutional and the technical system in organizations somehow resonates with the practice-institution one in a MacIntyrean perspective. But, as said, in this case the institutional pole of the relation represents the key condition of, not a possible obstacle to, organizational virtuous behavior.

carriers of an organization's identity, functioning as interpreters and translators of organizational events, decoding these in terms of what they mean to the organization, and reinforcing the identity by focusing members' attention on the central and distinctive character of the organization" (Raffaelli and Glynn 2015: 302). This means that institutional leaders, in defining and embedding the institutional mission, fundamentally perform interpretive and symbolic – i.e., cultural – acts. For instance, and firstly, they can represent organizational values and identity in their own personal conduct. Other ways of managing the institutional consistency of the organization are those underlined by Washington et al. (2008); for example, storytelling and the exchange of internal stories as well as creating ceremonies and internal events. In a Selznickian vein, these practices operate as vehicles of institutional integrity, which, as said, is particularly relevant to us – and, ultimately, to Selznick himself – when involving the protection of an organizational character whose content also has a moral basis in the values and ideals of society and is defined in terms of the organization's contribution to the broader purposes of society (such as the common good, we may add).

Following and interpreting Selznick's ideas, two other key points about institutional leadership emerge. First, the work of institutional leaders in developing and preserving organizational core values requires reflexivity and introspection, or better, a 'sense of character'. This is a deep understanding of institutional identity that provides inspiration, direction and selection criteria for leaders to make decisions and pursue a sort of responsible evolution in light of needed change. Ansell et al. (2015) call this 'proactive adaptation' as it is grounded in strategies that enable an organization "to change in order to remain the same" (p. 108), that is, "while sticking to its mission, identity and values" (p. 99).<sup>13</sup> The second point is of even greater importance for the rest of this paper. Albeit in his 1957 work Selznick principally refers the notion of institutional leadership to those in position of highest authority, it is quite clear that the processes and skills of institutional leadership can be involved – and do operate – in the action of non-executive managers

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<sup>13</sup> More generally, this involves what could be the typical institutional dilemma: on one hand, an organization's character advantageously enables action by producing internal coherence and generating a specific shared style that shapes decisions and daily activities; on the other hand, as a structured and embedded way of thinking and 'doing things around here', it may constrain action in front of threats and opportunities stemming from changed conditions in the internal and (especially) external environment. Faced with this, according to Ansell et al., 'dynamic conservatism' is what allows an organization to develop by changing without sacrificing its valued identity and key commitments: "look at what you are (i.e. identity, character) and then choose among alternative responses the one that preserves or extends your character and competence" (2015: 101). Needless to say, all this remains highly significant when referred to the dynamic maintenance of a virtuous organizational character.

and, in a sense, at all levels of the organization. Indeed, individuals who have some position of responsibility (e.g. middle managers) can participate in the process of character development and maintenance 'from the middle', by contributing with their personal conduct to identity-laden practices and routines and creating meaningful experiences with and for others; this, if necessary, also in the direction of favoring an incremental change by which the organization remains true to its core values and commitment.

## **5. Moral identity as a basis for moral action in organizations**

Drawing on a Selznickian understanding, an organization's character forms by the infusing of meaning into organizational life and this developed or emerging identity tends to translate into "sources of direct personal gratification and vehicles of group integrity" (Selznick 1957: 40). This occurs through value internalization and emotional identification: insofar as members can make experience of meaning through their activities in the organization, they come to consider themselves as part of a distinctive community and are motivated to engage in action on behalf of the community's values and purpose. Facilitating such experience-based processes of collective development and learning is exactly one central task or challenge faced by institutional leaders in upholding the integrity of organizational character.

As seen, this view highlights the bases and (collective and individual) outcomes of the development of organizational character. This also is a moral character and can also be a virtuous moral character, depending on values at the core of the collective identity; e.g. by including commitments to human dignity and the common good, which are not only specially emphasized in the social doctrine of the Church, based on its theological underpinnings, but also variously connected to ideals in the broader society. In this sense, organizations can and have to play a primary part in promoting and cultivating positive moral behavior among their members.

This leads us to find affinities with fundamental tenets of virtue theory as developed in a MacIntyrean perspective, where virtues are necessary for the attainment of the internal goods of some human practice and, ultimately, for flourishing and 'the good life'. Several are the points of convergence that are worth noting. First, there is a basic assumption

positing the socially embedded nature of persons and their moral agency. Virtues, as capacities for moral action, are relatively stable dispositions that individuals ‘learn’ in concrete social contexts (or communities, including organizations as institutionalized systems), in particular through interactions and in conjunction with others as well as being exposed to social expectations and behavioral shared models. That is, persons can engage in the search of their own *telos* and gradually make sense of it within the context of a community’s relationships and shared narrative. Secondly, virtues, like the character of organizations-as-institutions, are developmental (and so is the individual character in which they are embedded): they are obtained by practicing them, rather than merely as the result of intellectual understanding or philosophical theorizing. Furthermore, this direct experience in the exercise of virtues involves different dimensions, including the affective one. According to MacIntyre’s often quoted statement, “virtues are dispositions not only to act in particular ways, but also to feel in particular ways” (1985: 149); this resonates with the emphasis placed, in both a Selznickian vein and several approaches to organizational culture, on not purely cognitive processes that support the imbuing of organizational life with meaning, such as the ‘hot’ and emotionally laden mechanisms of personal identification and *pathos*.

Now, returning to what hinted at about the role of identity processes in the formation of organizational character, all this can be further framed in terms of the nexus between moral identity and the development of virtuous behavior in organizations. To this aim, precious insights are offered by some contributions in moral identity research as applied to organizational life (e.g. Weaver 2006 and 2017, Weaver et al. 2014).

The key overall idea emerging from this field is that “we can think of ‘being a moral agent’ in terms of having a moral identity, i.e. having one’s self-concept centrally oriented towards a collection of moral traits that both define who one is and yield tendencies toward paradigmatically moral action” (Weaver 2006: 345). This argument, which builds on social identity theory in social psychology, unfolds through two suggestions. The first one is that moral traits are a profound and relatively enduring (‘internalized’) component of a person’s self-image or conception of self, derived from her involvement in interaction and experience with others within social settings. In turn – so goes the second half of the argument –, this moral identity, as a network of dispositions which in part construct one’s overall identity, tends to be expressed (‘symbolized’) in personal action; that is, moral

identity is a motivational basis for moral agency and moral action. Organizational contexts, through the spaces of social involvement and interaction they provide,<sup>14</sup> have direct influences on their members' development of identities and specific moral identities; and the more a person regards the traits at the core of a particular moral identity as being central to her self-understanding, the more likely that these generate impacts on her behavior in organizational situations (and beyond). So, as remarked by Weaver (2006), in this approach to ethical conduct in organizations the key question leading to moral action is 'Who am I?' rather than 'What should I do?', which, instead, is the primary concern of other approaches to business ethics. Besides, it is noted that this formative role on the part of the organization "must not be equated to a kind of rigidly enforced organizational morality that eliminate the challenge of self-regulation" (Weaver 2017: 618); rather, it also requires a personal investment of effort in being involved with other moral actors in the practice of virtuous activities as related to organizational goals, which is a condition allowing "employees to collectively articulate a conception of virtue in their workplace" (ibid.). Again, this is in line with a crucial point in virtue theories, namely that virtues are habits but not mindless habits: while virtues may come 'naturally' to those who exercise them in a community, persons must practice them knowing what they are doing.

Clearly, in stressing the role of organizations as contexts that influence moral identity and so the action of their agents, we must be aware of the fact that multidimensional and complex processes are involved. To begin, persons have not a single identity but various identities, related to the multiple spheres of social life in which they are engaged and perform roles (workplace, family, volunteering...). This means that organizational influences take place in conjunction with extra-organizational ones. Yet, while recognizing that work is but one of several playgrounds on which people develop their overall identity, we can realize that for most of us the process of finding our particular identities occurs within the context of work organizations, where we tend to spend most of our waking life. And this makes us think and expect that organizations are "uniquely positioned to impact employees' principles and conduct" (Valentine 2017: 1167), in such a way that they may become, for better or worse, the primary influence on the moral identity of their members. In this sense, if the organizational context supports employees' virtuous moral identity and agency consistently with their moral self-concept and behavior in other domains, this contributes to defusing the risk of the 'divided life' (Monge and Naughton 2017); that is, to

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<sup>14</sup> As suggested, here we find a substantial overlap with virtue ethics' emphasis on the role of communities in the development and exercise of virtue.

their capacity to see their own life as a meaningful whole and not as separate, if not conflicting, parts. On the other hand, the dark side of organizational influence is displayed when organizations embed immoral behavior repertoires, which are possibly in contrast to members' identity moral traits defined in different domains of their life. This can not only generate improper conduct by pushing out of sight employees' alternative moral identities (the 'forgetting who I am mechanism', in Weaver's terms [2006: 352]), but also produce amoral depersonalization ('moral action is not my responsibility here'), increased compartmentalization between personal and professional life (e.g. the 'Sunday-Monday' gap in the experience of many Christians) or even moral disengagement of people with respect to their other social roles and belongings.

Thus, in this perspective moral identity is a driver of moral action in organizations; i.e. a primary motivational basis for moral agency within them has to be found in actors' self-conception and self-representation. Moreover, current studies on moral intuition in organizational contexts are providing additional understanding of how these can impact on – and be influenced by – members' moral behaviors. Moral intuition is “a rapid, nondeliberative, evaluative experience that often is emotionally laden” (Weaver et al. 2014: 101); in this process individuals respond to a specific situation with a quick judgment of right/wrong, which, while rooted in socially embedded models, is not triggered by rational thinking but rather by a sort of 'sudden' affective perception.<sup>15</sup>

All this, among other things, can be fruitfully put into dialogue with a set of other concerns in current debate on ethical behavior in/of organizations. For instance, it may offer additional material for complex approaches to CSR (e.g. Zamagni 2013) which conveniently claim that effective and genuine CSR practices cannot be sustained only through instrumental incentives related to self-interest or others' interests as means to achieve corporate ends (e.g. reputational capital), but they need underpinning mechanisms that refer to agents' moral constitution and intrinsic motives.<sup>16</sup> Furthermore, productive points of connection might be identified with contributions about the necessity

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<sup>15</sup> This idea of moral intuition as typically involving emotional and affective reaction resonates, from a further angle, with virtue theory's emphasis on the relevance of feeling in the practice of virtue.

<sup>16</sup> Talking in general of the relationships between companies and their stakeholders, Zamagni argues that “in order to equip society with the desired moral infrastructure, it is necessary to intervene with the intrinsic motivational structure of persons, encouraging their convinced adherence to shared values... in such a way that following these ethical principles is seen as a source of satisfaction by actors” (2013: 28, my translation from Italian). For example, “in the long run, those who practice reciprocity will end up viewing this behavior as a characteristic trait of their identity” (ibid.: 27, my translation from Italian).

for 'practical wisdom' in business life. In virtue ethics, practical wisdom is the virtue that enables an actor to balance skillfully the various moral demands encountered in practical affairs and situations. An apparent association with matters of moral identity emerges if one considers that practical wisdom, as with other virtues, develops over time through a person's actions and interactions in social contexts. For example, in Naughton's (2017) work on the implications for leadership of Thomas Aquinas' 'see-judge-act framework' of practical wisdom, it is suggested that the initial stage of 'seeing' presupposes a socially educated habit of mind, "a formation of what the leader has been sensitized to see" (p. 193).

What follows from this discourse and is mostly relevant to the remainder of this paper is that organizations can provide opportunities for the development of moral identity and so the practice of moral agency and, in particular, of virtuous conduct; i.e. 'moral spaces' that enable, encourage or foster a person's investment of self in moral action and, in particular, the exercise of virtue. As variously said, this requires an organizational context made of social expectations, deep and frequent interactions and involvements with others, cultural production and symbolic structuring of shared values and commitments; the influence of this context to which one is exposed can result in members' internalization of moral models and tendency to manifest these in action. But this learning process, as grounded in experience, also implies offering concrete spaces to act virtuously, in such a way that moral actions, in turn, can strengthen moral identity and render it more crucial in an individual's self-image.

Looking through this lens, the issue of how to promote ethical behavior in organizations principally involves a concern with experience and relationships, rather than with formal initiatives (*ad hoc* training, codes of conduct etc.) that are mainly stressed – and, perhaps, often detached from real organizational life and practices – in so many corporate ethical programs. While acknowledging that these policies can contribute (but not in isolation) to framing a shared context of thought and action, a 'moral identity-moral agency' perspective directs attention to deeper (and especially everyday) experience-based embedding spaces and learning opportunities, such as the following:

- relationships as situations in which interacting with others who act morally fosters one's moral identity at work (and this easily entails a reciprocal process: one's actions influenced by coworkers have a reinforcing effect on them);

- the use of moral language in organizational discourse and conversations and, in general, other symbolic processes and expressions of organizational culture;
- the behavior of leaders, especially when these are viewed as the 'embodiment' of organizational identity.

These spaces are key organizational 'resources' for the development of moral identity and the practice of moral agency.<sup>17</sup> They also clearly involve sense-making processes related to the formation and maintenance of an organizational character. As such, they represent some of the critical areas in which institutional leadership works and in which – as will be seen – human resource (HR) managers can operate as institutional leaders. The next two sections will focus on HRM and, most of all, on the ways HR professionals may facilitate the development of organizational humanizing cultures by contributing to the embedding of moral identities and (so) exercising institutional leadership.

## **6. The strategic and ethical dimensions of HRM**

HRM involves managing people issues in organizations to achieve outcomes that are consistent with organizational goals and mission. In particular, it has been widely argued and is now generally recognized that effective HRM is central to organizations' performance and their capacity to cope with the current competitive landscape. This has resulted in the growing visibility of management literature stressing the 'strategic' potential of HRM; namely, that, if appropriately addressed and cultivated, it can drive value creation and enable organizations to better respond to the challenges of a fast-changing business environment (e.g. Schuler and Jackson 2007). In this regard, a perspective that remains highly influential in the HR community is Ulrich's (1997) 'HRM strategic partnership model',<sup>18</sup> according to which four roles are needed for the HR function and professional to deliver their contribution successfully. In short, these are: 1) strategic partner, i.e. translating the organizational strategy into HRM policies and practices, and collaborating

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<sup>17</sup> As said, moral influences in the organizational context can also reduce the salience of members' virtuous identities. Nonetheless, taking seriously virtue ethics' claim that persons remain responsible for their behavior, we may suggest that in amoral contexts actors can be active in carving out niches of moral identity space; for example, "by requesting particular types of work assignments and locations, by seeking out or avoiding particular coworkers, or by keeping one's alternative employment options ready" (Weaver 2006: 353).

<sup>18</sup> The model has been further elaborated in subsequent works (e.g. Ulrich and Brockbank 2005, Ulrich et al. 2013).

with line managers in strategy execution; 2) administrative expert, i.e. accomplishing the 'traditional' and still valuable HRM functions (recruitment etc.) efficiently; 3) employee champion, i.e. taking care of and representing personnel concerns, and working to increase employee contribution (competence and commitment) to performance; 4) change agent, i.e. developing capacity for change in the organization.

It has also been noted that, despite the popularity of frameworks emphasizing the strategic role of HRM, in general their agenda for increased influence and achievement of the HR function is proving difficult to accomplish (e.g. Kochan 2007). This is variously regarded as due to HR managers' limited power in the organization and greater pressures to align with high-performance objectives. For instance, in the latter respect, a contradiction can emerge between the 'strategic partner' role and the 'employee champion' one insofar as the first is mainly focused on performance outcomes regardless of workers' interests and needs (or addressing these only as instrumental in achieving high performance).

Although several scholars (e.g. Legge 1998) rightly point to the opportunity, for HR professionals, to adopt HR practices that directly aim at both higher performance and improved well-being of employees, the previous example makes quite clear the key ethical dimension and possible dilemma at the heart of HRM. On one hand, by alluding to the human factor, it involves issues of responsible treatment of workers, satisfaction of their needs, protection and growth of their overall human capital. On the other hand, by calling persons 'resources' to be managed, HRM openly refers to the productive use of them in pursuing an organization's business goals. Not by chance, Catholic social teaching points out that the use itself of the label 'HRM', ultimately, raises a number of ethical concerns, as "employees are not mere 'human resources'" (PCJP 2014: 15).

In brief, considering the ethical dimension of HRM surely and firstly entails awareness and concern about the impact of work activities and requirements on the quality of working (and personal) life for employees. Several studies have so far focused on this (e.g. Greenwood 2012, Greenwood and De Cieri 2007, Winstanley and Woodall 2000a and 2000b), and they principally intend to promote sensitivity and general reflection on ethical issues involved in HRM or attempt to identify challenges and dilemmas by drawing on specific ethical perspectives such as Kantian theory ('persons should always be treated as ends in themselves and never as a means to an end') or stakeholder theory. In particular,

a stakeholder approach leads to conceive employees primarily as a ‘target’ (a stakeholder, in fact) of HRM’s possible ethical practices and initiatives in a wide array of areas (e.g. recruiting, career development, performance assessment and reward management, employee welfare and work-life balance, health and safety, diversity and inclusion).<sup>19</sup>

Somewhat more important here are some contributions that more globally respond to the emerging call for scholars and practitioners to treat HRM and CSR as interdependent, rather than parallel, domains (e.g. Cohen 2010, Jamali et al. 2014, Zappalà 2004). In fact, while being usually underpinned by a stakeholder logic, these works suggest that employees are not only a target but also a necessary ‘vehicle’ of organizational responsible action in society; that is, to interpret it in the terms used in previous sections, virtuous character building in the organization is also crucial to virtuous conduct of the organization directed to socially significant goals (or, *tout court*, the common good). In this respect, a proposal worth mentioning is that by Jamali et al. (2014). Based on the realistic premise that “HRM has traditionally been inwardly focused and CSR has traditionally been externally focused” (p. 131), they have re-elaborated Ulrich’s framework with the aim of highlighting how HR managers can potentially contribute to implementing an organization’s CSR strategy. According to their resultant ‘CSR-HRM co-creation model’, each of the four HRM roles identified by Ulrich can be leveraged in support of CSR implementation as follows:

- 1) strategic partner, helps define and accomplish CSR: e.g. by suggesting CSR goals with specific focus on employees and integrating CSR into HRM’s functions;
- 2) change agent, helps create CSR-oriented change: e.g. by enhancing employees’ sensitivity and readiness to deal with change, and raising managers’ awareness of the need for change through training;
- 3) employee champion, helps enhance employee contribution to CSR: e.g. by increasing employee awareness and education about CSR issues relevant to the company, increasing their motivation and engagement for CSR, communicating the value of CSR to them from initial recruitment phases, providing them with opportunities for serving the community (e.g. social volunteering programs);
- 4) administrative expert, helps deliver CSR results efficiently: e.g. by including and monitoring CSR performance indicators within the HRM performance system and

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<sup>19</sup> Therefore, it is no surprise that actions in these areas with positive outcomes for employees are normally detailed, under the heading ‘social performance’, in the sustainability reports of many companies.

reporting HR metrics (health and safety, human capital development etc.) as a component of the global measurement of organizational social performance.

Suggestions like these properly involve a depiction of employees as both target and vehicle of social responsibility endeavors and ethical concerns of the organization. However, what appears a bit problematic with this account and other ones of the same kind is that, while seemingly implying that one pivotal role of HRM is the integration of ethically-driven commitments within organizational cultures ('awareness', 'engagement', 'education', 'value'...), in the main they only loosely or superficially develop this underlying theme, which then often remains a sort of 'black box'. In the next section, a closer look will be taken at these cultural processes; this, having in mind not only the insights provided above about the development of (virtuous) institutional character and moral identity in organizations, but also CST's view of the firm as a community of persons oriented to the common good.

## **7. HRM practices as processes of identity-embedding and institutional leadership in the development of organizational humanizing cultures**

Catholic social tradition has, at its core, a set of general principles and suggestions about human integral development and the social and institutional structures that are regarded as key to promoting that development. While we must bear in mind that the aim of the social doctrine of the Church is not to engage with the area of policy prescription, it has been justly observed that its rooting in general moral principles may lead to an overly abstract rendering (or understanding) of what entailed by such principles in specific practical circumstances of social and economic life. In particular, with respect to business organizations and how to manage or 'adjust' them in light of Catholic social teaching, someone has argued that there seems to be "a significant lacuna in CST in relation to the 'inside' of business organizations" (Moore et al. 2014: 780). So, by taking this more as a challenge than a criticism, we may think that reflection focused on HRM processes and outcomes may represent an opportunity, for CST-inspired studies, to engage with the need for more specific attention to the internal workings of organizations while maintaining those open-ended principles as a compass.

Actually, there have been several interesting attempts to apply CST's suggestions and recommendations to HRM or some specific areas of it (e.g. Kennedy 2010, Naughton and Laczniak 1993), so as to give practical depth to the essential claim that "the business of business is the human person" (Sandelands 2009: 93). Furthermore, according to Porth and McCall (2001), HRM is a privileged domain in which an overlap can be established between CST's lesson and contemporary management theory and practice, given the increasing emphasis placed by the latter on employee participation, involvement and full growth as central to the development of learning and innovative organizations faced with a competitive and changing environment. A wide-ranging study aimed at examining the main HRM practices in light of CST's principles is provided by Salamanca (2015), who identifies six areas where the moral implications of CST's principles are capable of application giving rise to clear-cut requirements and recommendations. In brief, these are:

- job design, which should be addressed in order to: protect fundamental rights like a just salary and decent working conditions; promote the integral human development of employees, which includes economic conditions as well as moral, intellectual and family development; foster employees' active involvement and initiative, for instance through participation in profits and ownership of the firm, decision-making and co-production of goods and services;
- staffing and recruitment, which should be carried out keeping in mind that all persons are worth the same (regardless of technical skills and positions to fill) and so as to: exercise truthfulness in filtering candidates, by 'putting oneself in the place of the other' (p. 8); look for information from or on candidates in a way that does not conflict with their right to privacy; avoid unfair discrimination; deliver honest feedback and constructive advice to rejected candidates, in line with the principles of justice and gratuitousness;
- training and development, which should be approached both in the perspective of subsidiarity (i.e. developing and empowering 'lower-level' actors) and with a real concern for the employees' possibility to flourish as human beings; this should be taken into account not only in technical training, but also in ethical training initiatives based, for instance, on corporate codes of conduct;
- benefits and compensation, with reference to which organizational policies should have the criterion of justice as the main driver; in particular this involves, aside from providing remuneration that allows workers and their family to have a decent life,

treating employees according to their level of participation and contribution within the enterprise;

- performance assessment and promotion, which should give recognition to employees and managers based not simply on criteria of efficiency and economic results but valuing ethical behavior in the accomplishment of business activities as well; this is viewed as conducive to an organizational climate in which perceived justice, mutual cooperation and, ultimately, human development are more likely to occur;
- downsizing and outplacement, in relation to which “CST principles like solidarity and gratuitousness [...] actually completely change the dynamics of the usual understanding” (p. 16); for example, apart from the recommendation that financial criteria (e.g. cost cutting aimed at increasing ‘shareholder value’) are not the only consideration to make, solidarity requires that people who are going to be dismissed are supported in finding another job (e.g. through additional training).

This systematic analysis is of great help in that it offers rich material for enhancing Catholic managers’ awareness of the impact their faith can and should have in their professional problem-solving and decision-making activities. More generally speaking, it opportunely points to critical areas in which HRM practice can be put into productive dialogue with CST. Yet, the proposed framework refers to employees as chiefly a stakeholder group, providing suggestions and recommendations for managing them both humanly and humanely through the lenses of CST. What is quite underexplored in it is the view of employees as a vehicle of an organization’s character development and responsible relationships with other stakeholder, as well as the specific role in this of cultural processes in organizations, including those unfolding beneath the surface of formal decisions and activities. Although sometimes and somehow glimpsed at, these dimensions remain mostly a shadowed area in Salamanca’s relevant text.

The following part suggests some specific ways in which HR professionals can operate as institutional leaders by contributing to the promotion and protection of an organizational identity-laden character that is based on the values of a humanizing culture. These processes support the infusing of organizational life with meaning. They produce a coherent picture of the organization, encourage and help participants to find their own place within it, provide models of action for situations to be dealt with in the future, and influence employees’ moral identity and agency. Furthermore, symbolic and sense-making

processes that have cultural effects on identity and behavior are connected to institutional leaders' ordinary actions to the extent to which these reflect core values and commitments and embed them in the 'technical system'. In light of what said in previous sections, interaction and experience are crucial to organizational character and moral identity development. To act as institutional leaders, HR managers must carve out space for personal relationships and face-to-face contact with people involved in their daily activity (e.g. colleagues in the HR function, line managers, all workers to whom their practices are addressed). They also have to create conditions that help people concretely find meaning, incrementally recognize the reality of shared values in action and thus 'nest' experience-based representations of the organization's character.

All this can certainly occur through mechanisms related to the established HRM technical functions and areas of expertise. So, having Salamanca's (2015) framework in mind, we may add the following suggestions about how HRM can and should contribute to the development and maintenance of a virtuous organization.

*Job design.* Drawing on what said about organizational influences on moral identity leading to moral action, the HR function has or can take a critical responsibility in the process of assigning jobs and roles that foster employees' moral identity development in the company. In a broad sense, this entails the key issue of 'meaningful work' and in particular the idea that the experience of it is closely associated with the possibility of pursuing excellence and virtue in practices. Here HR professionals have multiple opportunities to prepare and offer 'moral spaces' in which employees can exercise virtues that are consistent with an organization's *ethos*; this, for example, by assigning tasks that involve enduring personal relationships with the beneficiaries of employees' work or regular contact with external partners (in civil society etc.) who are in turn committed to pursuing goals related to the common good.

*Recruitment and selection.* To favor and maintain a virtuous character, companies need to select employees who not only are skilled but also already share the values at the heart of organizational identity. This is essential for determining whether a candidate will fit in the firm's culture or even can bring new perspectives that may be helpful in strengthening and expanding its key moral commitments, for example, due to recruits' previous experience in other organizations and areas of personal engagement (e.g. volunteering). HR

professionals have a key role to play here, in particular by paying attention to such issues in the use of their screening tools (e.g. individual interviews and assessment center exercises involving small groups of applicants) but also by communicating the organization's identity – through words and behavior – from this initial stage.

*Retention.* In today's corporate world, this process is considered as a key HRM concern and usually alludes to a company's ability to retain its high performing and high potential employees. In the case of an organization that tries to develop a virtuous moral character, however, retention tends to acquire a further twofold meaning. First, an additional but equally relevant criterion for ascertaining which employees to invest in should regard their capacity and willingness to work consistently with core organizational values; by the same token, in such organizational contexts the major problems which are the base of the decision to let employees leave would concern issues of harmony with the firm's character more than competence gaps. Secondly, and more in general, HR managers operating as institutional leaders in a virtuous organization are likely to know that high organizational turnover does not facilitate the embedding and the process of continuous internal promotion of key moral commitments; this, in fact, needs persons experienced in the company's humanizing culture who share this experience with others and especially newcomers (through personal example, on-the-job interaction, story-telling etc.).

*Performance assessment and rewards.* Appraisal and compensation of performance can be potent cultural mechanisms for influencing and embedding styles of thought and action that are crucial to the development of virtuous moral identity in organizations. Within the context of HR managers' canonical activities, for example, this entails: identifying performance indicators based not only on business results but also on consistency with the company's 'way of being'; engaging employees in the formulation of these indicators as well as in discussion on ethical issues during performance appraisal meetings; rewarding employees for action that is not only aligned with performance expectations and objectives but also faithful to the organization's character-defining principles (i.e. 'integrity', in Selznickian terms). HRM technical practices in these areas can therefore have a remarkable symbolic value. When sustained by principles reflecting a humanizing culture, they clearly communicate throughout the organization that what also matters – or matters most – is how results are accomplished (e.g. not by deceiving customers or coworkers to meet sales targets), sending clear signals about the kind of person that the organizational

community values and recognizes. And this can enhance the motivational basis for moral agency in the organization, because, as implied by the common sense saying ‘walk the talk’, it enables employees to see those in charge of performance management – and so the company itself – as truly concerned with the coherence between behavior and values.

*Training and development.* It is surely important that the HR department promote regular awareness-raising and skill development training initiatives (seminars, workshops etc.) devoted to ethical issues that are central to organizational culture and experience. But, again, the HR professional may effectively operate as co-producer of an organizational developing ethical character by enacting sense-making processes that contribute to render employees’ participation in the (virtuous) organization meaningful to them. For instance, this can take place when such initiatives are addressed to both higher and lower level employees, involve the physical presence of senior managers at least in certain defining moments (e.g. at the start and at the end of them) and provide symbolic incentives (e.g. recognition in the assessment phase) for participation. In this way, organizing ethical training contributes to the building of an organizational ‘formative context’, sending – once again – clear messages about what is really important to the company.

As a whole, these suggestions agree with Meglich’s statement that “several aspects of leadership that manifest in the HR function can enhance HR’s role as ethical compass” (2017: 1210). It must be emphasized, however, that more in general and subtly HR people can be significantly involved in the development of a virtuous corporate character due to their being a central node or point of passage in the network of organizational relationships and in the texture of organizational everyday life. In a sense, they are ‘in the middle’ even if or when they are not at the top. This gives them a really distinctive position to create experiential, relational and symbolic venues that favor the nurturing of a collective moral identity.

This firstly occurs by personal example, that is, the way their mundane behavior embodies organizational values: what they do, where and with whom they spend their time, what they propose and question, how they engage in routine tasks and so on. This, obviously, implies that HR professionals genuinely embrace the values they espouse, which – not incidentally – for Selznick is a basic condition of institutional leadership and is often revealed through apparently minor acts (what Ciulla [2017] defines as ‘morality in the

miniature'). Aside from this pivotal point, there are other ways in which HR managers may support the consolidation of an organizational character oriented towards the common good. They sometimes can take dramatic action on behalf of organizational values as a further learning lever (e.g. openly challenging an unprecedented downsizing decision). They can play a leading role in the exchange of organizational stories (e.g. in onboarding new hires) that provide an overall concept and sense of 'how we do things around here'. And they can cultivate opportunities for 'celebrating' the results of responsible and virtuous conduct with employees, thus helping them touch the value of collective commitments. Moreover, being 'gatekeepers' of the flow of persons and relationships within the company, they are positioned to influence traffic between different organizational areas and sub-cultures. Thus, for example, at times they can encourage newcomers assigned to a specific department to relate to the organization as a whole, while in others they can 'protect' senior employees who no longer feel at ease with a certain position by offering them other options.

These are some further and deep mechanisms by which the HR staff can contribute to structuring organizational life and events into a coherent value-laden pattern and narrative, and embedding the codes of meaning of a humanizing culture.

## **8. Conclusion**

This paper has attempted to outline a way in which business organizations, intended – consistently with contemporary Catholic Social Thought – as communities of work, can develop humanizing cultures that promote human flourishing in and around the company, i.e. the common good. Central to the proposed framework are three ideas: a) that this process has the creation of a virtuous organizational character as an obligatory point of passage; b) that, in turn, the creation of such a character involves sense-making mechanisms that favor the embedding of moral identities in the organization, especially through the action of institutional leaders who sustain the imbuing of the organization with values and a virtuous collective identity; and c) that HR managers, even regardless of their level of formal authority, can and should engage significantly in institutional leadership processes required for the development and maintenance of a virtuous organizational character, through both their established functions (recruitment, performance appraisal

etc.) and their more mundane behaviors. From this perspective, also in light of the great stress placed on the strategic dimension of HRM in contemporary management theory and practice, we come to appreciate a deeper sense in which companies committed to creating humanizing cultures can conceive – and unleash – the strategic potential of HRM.

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