Organizational Virtue Orientation and Family Firms

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ABSTRACT: This manuscript develops the concept of organizational virtue orientation (OVO) and examines differences between family and non-family firms on the six organizational virtue dimensions of Integrity, Empathy, Warmth, Courage, Conscientiousness, and Zeal. Using content analysis of shareholder letters from *S&P 500* companies, our analyses find that there are significant differences between family and non-family firms in their espoused OVO, with family firms generally being higher. Specifically, family firms were significantly higher on the dimensions of Empathy, Warmth, and Zeal, but lower on Courage. Based on these findings we further develop the OVO concept through the discussion of implications and areas for future research.

ALTHOUGH BUSINESS ETHICS HAS BEEN a highly researched field of study for many years, the failures seen over the past decade (e.g., Adelphia, Enron) have renewed interest in organizational ethics. Indeed, many within the academic and business communities have seemingly "rediscovered the importance of individual character strengths and organizational virtues" (Wright & Goodstein, 2007: 929). But as far as the study of character, ethics, and virtue in family firms is concerned, there have been relatively few contributions (Debicki, Matherne, Kellermanns, & Chrisman, 2009). In this paper, we address this gap in the literature by focusing on how the distinctive characteristics of family firms relate to organizational virtue orientation (OVO), which is defined as an organization's integrated set of values and beliefs supporting ethical character traits and virtuous behaviors. Specifically, we propose and test for espoused OVO differences between family and non-family firms using the six dimensions of organizational virtue validated by Chun (2005). This research provides a theoretically grounded approach and a rare empirical test in addressing the aforementioned gap in the ethics and family business literatures.

Family firms contain unique characteristics derived from patterns of ownership, governance, and succession that influence organizational value and belief systems such that family firms may differ from non-family firms (Aronoff & Ward, 1994; 1995; Fort, 2001). Some scholars have argued that the unique characteristics relevant to family firms will foster more ethical or virtuous organizations (e.g., Aronoff & Ward, 1994), while others have argued the opposite (e.g., Kets de Vries, 1993). Yet despite repeated calls for more research examining this relationship (e.g., Wortman, 1994), very little research has examined ethics-based topics in the family business context. Indeed, a recent review of the family business literature by Debicki and colleagues (2009) found that, from a set of 291 articles drawn from thirty management

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journals and published between 2001 and 2007, only eight articles had examined either the topic of ethics, values, or social responsibility. While this represented a 31 percent increase in the number of articles in this topic area as compared to the review covering 1996–2003 conducted by Chrisman, Chua, and Sharma (2003), Debicki et al. (2009: 159–62) concluded that with respect to ethics, values, and social responsibility "growth has been relatively insignificant as evidenced by the scant attention these topics have been given in the literature" and that these topics "have not been sufficiently examined." Overall, the lack of empirical research in the family business literature, and the theoretical ambiguity regarding the impact of family ownership and control on ethical behaviors, suggest that more work is required if we are to better understand how family firms are distinct and how some distinctions might impact firm values, beliefs, decisions, behaviors, and outcomes (Arregle, Hitt, Sirmon, & Very, 2007; Chrisman, Chua, & Sharma, 2005; Sirmon, Arregle, Hitt, & Webb, 2008; Sirmon & Hitt, 2003).

Research on organizational virtue offers a unique conceptual lens to examine differences between the ethical orientations of family firms and non-family firms. Chun (2005) asserts that organizational virtue is grounded in virtue ethics theory and closely related to the broad positive psychology movement (Seligman & Csikszentmihalyi, 2000), which includes positive organizational scholarship (Cameron, 2003) and positive organizational behavior (Luthans, 2002). In this study, we employ Chun's (2005: 272) definition of organizational virtue as "ethical character traits that are learnt from an accumulative perception of a firm's behavior in everyday business life, that drives internal and external stakeholder satisfaction, and that is aligned with its ethical values used for strategic positioning." But despite some useful work on organizational virtue, Wright and Goodstein (2007) note the lack of attention to virtue and cite only a handful of empirical studies that have attempted to study virtue at the organizational level (e.g., Gowri, 2007; Schudt, 2000). They further call for researchers to build on the initial efforts to study organizational virtue (e.g., Cameron, Bright, & Caza, 2004; Chun, 2005; Peterson & Seligman, 2004), to employ these measures in different organizational contexts, and to identify organizational structures, characteristics, and processes that may promote organizational virtue (Wright & Goodstein, 2007). Researchers have begun to identify certain preconditions and requirements that would enhance virtue in organizations (e.g., Moore, 2005; 2008; Moore & Beadle, 2006). We believe that the unique context of family firms may provide a particularly salient one in which to examine these proposed characteristics that ostensibly exhibit an organization's virtue orientation.

Given the limited investigation of ethics in family firms, it is generally unclear if and how family firms differ from non-family firms with regard to their orientation toward organizational virtue. A lack of understanding about the existence of organizational virtue in family firms and potential differences in organizational virtue as compared to non-family firms creates a separation between 'what we know' and 'what we ought to know' concerning a key element of family firms. This article addresses this shortfall in two ways. First, we investigate the use of language consistent with organizational virtue in shareholder letters to determine whether OVOs differ between family and non-family firms. Second, we examine more detailed OVO dif-

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ferences between family firms and non-family firms based on the six dimensions of organizational virtue developed by Chun (2005). To accomplish our goals, we use a sample of *S&P 500* firms to capture differences in shareholder letters. The *S&P 500* has been used in other studies examining differences between family firms versus non-family firms (e.g., Dyer & Whetten, 2006; Short, Payne, Brigham, Lumpkin, & Broberg, 2009), and provides an especially attractive sample to examine language differences in firms' projections of OVO intended to communicate with both internal and external stakeholders. Overall, this study provides the first comprehensive examination of organizational virtue in family firms to date.

LITERATURE REVIEW AND HYPOTHESIS

Organizational Virtue Orientation

A growing number of scholars are interested in the study of character and virtue in business organizations (e.g., Cameron et al., 2004; Fort, 1996; Gowri, 2007; Hartman, 2008; Koehn, 1998; Moore, 2005; 2008; Peterson & Park, 2006; Schudt, 2000). Despite growing interest, however, there is relatively little conceptual or empirical development surrounding the nature of character and virtue as it applies to business organizations, particularly when compared to individual-level studies of character and virtue. Directly related to the lack of clear theoretical positioning, there have been very few studies that empirically examine organizational virtue. While clearly an issue of theoretical importance, this lack is also largely an empirical validity issue. As Chun (2005: 272) argues, "validity problems occur when researchers use an existing human personality scale directly for an organizational level of study, since some human virtue character or personality items might not be relevant to an organizational context."

Solomon (1992, 1999) was among the first to develop a list of business virtues, which included a large number of virtues ranging from moral (e.g., honesty) to non-moral virtues (e.g., humor) and those falling somewhere between (e.g., loyalty, pride); this list was later tested by Shanahan and Hyman (2003) in a sample of students, but was not extended to the organizational level. Similarly, Murphy (1999) discussed five primary virtue dimensions, labeled as integrity, fairness, trust, respect and empathy, and Moberg (1999) utilized Costa and McCrae's (1992) Big Five Personality dimensions as virtue measures. But while these studies have provided a useful list of virtues, the relevance of these virtues to business organizations is questionable (Boatright, 2003; Dyck & Kleysen, 2001).

In response to these criticisms, researchers have begun to develop instruments for measuring virtue at the organizational level. Cameron and colleagues (2004) used a list of universal individual virtues from previous instruments and literature reviews (e.g., Peterson & Seligman, 2003; Sandage & Hill, 2001) to create an instrument for assessing organizational level virtue. In a similar vein, Chun (2005) used virtue ethics and stakeholder theories to demonstrate the lack of attention given to the study of virtue at the organizational level and outlined a number of key theoretical assumptions that are useful in the operationalization of virtues in an organizational context. The first assumption argues that organizational virtues can be operational-

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ized from human personality traits. This is based on the foundational idea in the ethics literature that virtuousness is distinctively human, based in human traits, and encompassed in moral character and meaningful purpose (e.g., Becker, 1992; Dent, 1984; Doherty, 1995; Ryff & Singer, 1998). The second assumption argues that organizational virtues should be operationalized at the organizational level and will appear as aspirational or as an *orientation* towards ethical beliefs and values. The third assumption argues that organizational virtue is multidimensional and that relevant dimensions will be associated with stakeholder satisfaction. Based on these assumptions, Chun (2005) conducted a content analysis of corporate ethical value statements and a validation survey to identify six dimensions (and twenty-four related items) of organizational virtue. These included *Integrity* (honest, sincere, socially-responsible, trustworthy), *Empathy* (concerned, reassuring, supportive, sympathetic), *Warmth* (friendly, open, pleasant, straightforward), *Courage* (ambitious, achievement-oriented, leading, competent), *Conscientiousness* (reliable, hardworking, proud, sincere), and *Zeal* (exciting, innovative, imaginative, spirited).

In their review of individual character and organizational-level virtue, Wright and Goodstein (2007: 942) specifically note the 'overlap' among Chun's (2005) virtue ethical character scale and Peterson and Seligman's (2004) schemata of six core virtues and twenty-four related character strengths. These consist of *Wisdom* (creativity, curiosity, open-mindedness, love of learning, perspective), *Courage*, (bravery, persistence, integrity, zest), *Humanity* (love, kindness, social intelligence), *Justice* (citizenship, fairness, leadership), *Temperance* (forgiveness, humility, prudence, self-regulation), and *Transcendence* (appreciation, gratitude, hope, humor, spirituality). Besides the structural similarities between the Chun (2005) scale and the Peterson and Seligman (2004) framework, there are also a number of points of congruence on content. Specifically, Chun's (2005) dimension of Courage uses the same label as Peterson and Seligman's (2004) core virtue of Courage. Also, Chun's (2005) dimensions of Empathy and Integrity relate, respectively, to Peterson and Seligman's (2004) core virtues of Temperance and Justice. Furthermore, certain character strengths in the Peterson and Seligman (2004) framework, integrity and zest, correspond, respectively, with Chun's dimensions of Integrity and Zeal.

Building on Chun's (2005) assumptions regarding organizational virtue, along with related research in the identity (e.g., Dyer & Whetten, 2006; Moss, Short, Payne & Lumpkin, 2010) and culture literatures (e.g., Deshpande & Webster, 1989; Dyer, 1986; Schein, 1985, 1990), we propose the use of the OVO concept, which is an organization's arrangement or configuration of beliefs and values sustaining ethical character traits such as those identified by Chun (2005). The distinction between the concepts of organizational virtue and OVO is important in that it delineates the difference between the assumptions and values—the culture (Schein, 1985; 1990)—supporting ethical behavior (i.e., the 'being') and the actual activities that define ethical behavior (i.e., the 'doing'). As such, we suggest two ways OVO can influence an organization. First, an organization's orientation towards virtuousness will lead to greater collective efforts to exhibit virtuous traits and characteristics by influencing organizational processes, methods, and decisions of the organization's members (Cameron et al., 2004). Therefore, building on the organizational culture literature

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that suggests that shared values and beliefs will provide norms for behavior (e.g., Deshpande & Webster, 1989; Schein, 1990), it is assumed that by better enabling and supporting virtuous activities on the part of its members, organizations with a greater OVO will exhibit greater levels of virtuous artifacts; artifacts are the visible, tangible, and audible results of activity grounded in cultural values and assumptions (Hatch, 1993; Schein, 1985). Second, OVO will influence stakeholder perceptions of the organization through various communications and narratives (Fiol, Hatch, & Golden-Biddle, 1998). Hence, a strong OVO can help an organization in forming positive impressions with stakeholders and improve market positioning.

Organizational Virtue Orientation in Family Firms

There is an ongoing debate in the business ethics literature as to the role that organizational forms have on either promoting or hindering ethical values; organizational forms are sets of similar firms that span industries and are identified by an array of organizational features (Short, Payne, & Ketchen, 2008). At one extreme, MacIntyre (1979) argues that virtually all organizational forms serve to compartmentalize the individual manager and strip him or her of the ability to act virtuously. Indeed, MacIntyre (1979: 126, emphasis in original) declares that "in his capacity of corporate executive, the manager not only has no need to take account of, but *must* not take account of certain types of considerations which he might feel obliged to recognize were he acting as a parent, as a consumer, or as citizen." In contrast, other scholars argue that organizations are varied and complex, and managers are not valueless technicians following a purely economic rationale (e.g., Davis, Payne, & McMahan, 2007; Deetz, 1995). Furthermore, Klein (1988: 56) states that "formal organizations can function like a moral person . . . they potentially have something analogous to character, which can be evaluated as virtuous or vicious."

More recent work on organizational virtue ethics (e.g., Moore, 2008; Moore & Beadle, 2006) posits that all organizations are not purely economic engines that serve to strip individual managers of virtue, but that, in fact, certain types of organizations may possess a set of attributes that leads to a virtuous character. This perspective is echoed by Cameron and colleageus, who state that "attributing the quality of virtuousness to an organization means that the organization enables and supports virtuous activities on the part of its members" and that "structures may enable virtuousness to occur in an organization through their impact on human beings" (Cameron et al., 2004: 768–69). Building on these latter arguments that organizational forms affect organizational virtuousness, we suggest that family involvement can motivate an orientation towards organizational virtue because of a family's influence on cultures, processes, and decisions (Arregle et al., 2007; Sirmon & Hitt, 2003). In other words, family involvement would establish particularistic criteria for decision making to create a unified orientation (Carney, 2005; Dyer, 1986).

Culture is one of the most stable and powerful forces at work in organizations (Schein, 1996). Family firms have very strong cultures (Dyer, 1986) that are often unique and difficult to imitate because of their embeddedness in both family history and processes (Gersick, Davis, McCollom Hampton, & Lansberg, 1997). Vallejo

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(2008) identified four dimensions of culture in family firms—commitment, harmony, long-term orientation, and customer service—and concluded that family firms possess cultures that differ from non-family firms. Specifically, Vallejo (2008) noted that family firms have significantly higher employee commitment, identification, cohesion and participation, harmony, trust, working atmosphere, transformational leadership, and long-term orientation than non-family firms. Family firms are likely to work to preserve family rituals, sustain family harmony (Lumpkin, Martin, & Vaughan, 2008), and "create an atmosphere in which employees feel encouraged to express their ideas and criticism" (Hall, Melin, & Nordqvist, 2001: 205). Such distinctive characteristics would be more conducive to promoting a stronger OVO.

As noted by Vallejo (2008), family ownership has been closely identified as a key driver of long-term orientations that are manifest in preferences for longer investment horizons (e.g., Anderson & Reeb, 2003; James 1999; Sirmon & Hitt, 2003) and as providing a higher likelihood of family managers acting as stewards rather than agents (Davis, Schoorman, & Donaldson, 1997; Eddleston & Kellermanns, 2007). Individuals who identify with, and have a strong commitment to, an organization often act as stewards (Davis et al., 1997). In family firms, owner/managers often have high levels of concern for the long-term future and continuity of the business as their identities are closely tied to both the reputation and performance of the firm (Miller, Le Breton-Miller, & Scholnick, 2008). Higher levels of stewardship and stronger identities (e.g., Dyer & Whetten, 2006) may allow family firms to resist the corrupting pressures of other organizations in their external environment (Moore, 2008).

The agency structures of family firms also provide a solid rationale to suggest that such firms may be more likely to exhibit a higher OVO. Family firm owners are often managers, which reduces agency alignment problems (Daily & Dollinger, 1992). In family firms, alignment can both reduce opportunistic behavior by agents (Schulze, Lubatkin, Dino, & Buchholtz, 2001) and reduce the need for formal and contractual controls while increasing the importance of certain social controls such as trust (Steier, 2001). Well-aligned and more concentrated ownership allows family business principals to make longer-term investments in key personnel and vest them with more decision-making authority (Daily & Dollinger, 1992; Zahra, 2005). These characteristics could serve to enhance the 'good purpose' of the organization through reducing opportunism and fostering the decision-making practices that enable rational critical dialogue, leading to more virtuousness (Moore, 2008: 499). Indeed, family firm principals' identities are so closely tied to the firm, they will go to great lengths to protect the family name and firm reputation (Dyer & Whetten, 2006; Miller et al., 2008). For example, Chen, Chen, Cheng, and Shevlin (2010) demonstrated this concern for reputation in a study that found that family firms were less aggressive with respect to both tax policies and claiming some deductions than non-family firms. In this case, family firm owners are less likely to operate in 'gray areas' or cheat on their taxes due to potential reputational costs they might incur from an IRS audit.

Overall, family-driven cultures play a key role in influencing ethical orientations in family firms (Debicki et al., 2009; Wortman, 1994) and such interpersonal

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dynamics may provide catalysts to enhance OVO. Fort (2001) argues that family businesses, possessing unique characteristics, can serve as mediating institutions and enhance virtue, while Allio (2004) proposed that certain virtues (e.g., loyalty) are more commonly associated with family businesses. Overall, there appears to be a general assumption in the family business literature that family firms will likely be more ethical than non-family firms (Aronoff & Ward, 1994; 1995; Miller & Le Breton-Miller, 2005). As evidence of this point, Gallo (2004) surveyed forty-four family business academics and asked them how family businesses would compare to non-family businesses with respect to corporate social responsibility. A majority (54.5 percent) of these experts responded that family businesses perform better than non-family businesses on corporate responsibility whereas only 38.1 percent responded that they would perform similarly and 11.4 percent believed family businesses would perform worse. In an earlier study, Gallo and Cappuyns (2000) surveyed practicing owner-managers of family firms and only one third said their family business was managed in accordance with good ethical principles. While neither study directly compared family and non-family firms, these two studies suggest the possibility that there may be a discrepancy between academics and practitioners regarding their view on the relative level of ethics between the two types of firms. Suggesting a positive relationship between family firms and ethical behavior, Wu (2006) found a significantly positive association between ethical leadership and family management. Additionally, when examining corporate social performance of *S&P 500* firms, Dyer and Whetten (2006: 797) concluded that "family firms are more likely to be socially responsible actors than are firms without family involvement."

While the prior discussion offers general support for why family firms may demonstrate higher levels of OVO, it is important to add some caveats. First, family firms are not a utopian form of organizing and researchers have expressed several concerns related to the 'dark side' of family influences. Criticisms of family firms are generally based on concerns about destructive nepotism (Schulze et al., 2001), political rent seeking (Morck & Yeung, 2003), exploitation of minority shareholders (Anderson & Reeb, 2003), amoral familism (Dyer, 2006), and high levels of interpersonal conflict (Faccacio, Lang, & Young, 2001), among others. Second, family firms are heterogeneous, and will vary greatly on several potential definitional dimensions and to the degree that the family and businesses systems interact and lead to 'familiness' (Habbershon & Williams, 1999). While we posit that the role of the family sub-system will generally lead to enhanced virtue, the influence of this role can vary within family firms; simply possessing a governance structure that meets the criteria of a family firm would not necessarily mitigate the negative effects of a flawed family system (Arregle et al., 2007; Sirmon & Hitt, 2003). For instance, dissension between family and non-family employees can emerge due to nepotism and opportunism, which leads to resentment and ostracism as non-family members become part of the out-group (Arregle et al., 2007; Pelletier & Bligh, 2007). Indeed, some studies suggest that family members who work for the family firm enjoy greater benefits than non-family members, such as rapid promotion, increased flexibility, and job security (Deniz & Suarez, 2005).

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In summary, a number of research streams explicitly examining family firms lend credence to the general notion that family firms have key characteristics, processes and cultures that lead to more ethical orientations. Thus, we hypothesize that there are differences in the OVO between family and non-family firms, with family firms exhibiting higher levels overall. However, in examining this general argument, we extend this logic to provide an explicit examination of virtue by utilizing Chun's (2005) assumptions and dimensions. Following the multidimensional viewpoint argued by Chun (2005), we assume the link between family business and OVO may vary as a function of each dimension, although the direction is not expected to differ. In other words, although OVO consists of interrelated dimensions, they may be configured in unique combinations that vary from one firm to the next. So, following previous research regarding the extensive heterogeneity of family firms (Dyer, 2006), which may be extended to ethical orientations and behaviors (Sorenson, Goodpaster, Hedberg, & Yu, 2009), we will examine OVO both comprehensively and by individual dimension. Formally, we present the following hypothesis:

> Hypothesis 1: Family firms will demonstrate higher levels of organizational virtue orientation (along the dimensions of integrity, empathy, warmth, courage, conscientiousness, and zeal) than non-family firms.

METHODOLOGY

Sample and Data

We drew our sample from firms listed on the *S&P 500* stock index for the years 2001 through 2005. The *S&P 500* is a popular sample of large, public firms and has been utilized to examine relevant topics such as the financial impact of firms' ethical behaviors (e.g., Van der Laan, Van Ees, & Van Witteloostuijn, 2008) and differences between large family and non-family firms (e.g., Anderson & Reeb, 2003; Dyer & Whetten, 2006; Short et al., 2009). The *S&P 500* provides an attractive sample for the present study because it includes publicly-traded firms that have a vested interest in articulating their values, beliefs, and virtues to multiple shareholders through publicly-available documents. For comparison purposes, we examined the CEO letter to shareholders found in the annual report for the 435 firms in our sample that had shareholder letters available. Shareholder letters are a medium through which firms reflect orientations (e.g., Noble, Sinha, & Kumar, 2002) and convey organizational virtues in an effort to influence their corporate reputation (e.g., Geppert & Lawerence, 2008).

Measuring Family Firms

While definitions of what constitutes a family firm vary (Chrisman et al., 2005), we concur with Chua, Chrisman, and Sharma (1999: 25) that a family firm is "a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across genera-

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tions of the family or families." Based on this definition, family firms are prevalent in both smaller privately-held firms as well as in larger publicly-traded firms. Indeed, in the U.S., family firms comprise at least 80 percent of all firms (Beehr, Drexler, & Faulkner, 1997), including approximately 35 percent of the *Fortune 500* (Gomez-Mejia, Larraza, & Makri, 2003).

We appointed a firm as a family firm following the method used by Dyer and Whetten (2006) who designated *S&P 500* businesses as family firms if the founder, family members of the founder, or both were part of the firm's senior management or held a position on the firm's board of directors. Focusing on the founders and the founder's family members who occupied positions of influence within the firm is advantageous over other family firm classification methods such as fractional ownership (e.g., Anderson & Reeb, 2003) given that ownership does not always equate with direct involvement in the firm. To research which firms among our sample are family firms, we first examined company histories on Hoover's (www.hoovers.com) and on company websites to identify the founders of the companies in our sample. We then researched the relationship between senior management members and boards of directors and the founder using the same sources of company information.

Content Analysis of Organizational Virtue Orientation

To examine dimensions of OVO espoused within CEO shareholder letters we rely upon content analysis. Content analysis is a qualitative method that uses a set of procedures to categorize or classify communications that also allows for contextual inferences (Krippendorff, 2004; Weber, 1990). For business scholars, it has proven to be a useful technique for rigorous exploration of important, but difficult-to-study, issues of interest (Carley, 1993; Duriau, Reger, & Pfarrer, 2007; Morris, 1994). While family business scholars typically rely on survey data to measure variables of interest, content analysis has been previously used in the family business context to study strategic planning and succession training (Mazzola, Marchisio, & Astrachan, 2008), earnings management (Prencipe, Markarian, & Pozza, 2008), and the challenges that daughters face in succession (Vera & Dean, 2005). Content analysis is commonly conducted on organizational narratives such as CEO letters to shareholders, annual reports, and mission statements (e.g., Duriau et al., 2007; Palmer & Short, 2008).

Content analysis of organizational narratives is beneficial for a number of reasons, such as its ability to access deep collective structures, its applicability to both qualitative and quantitative research, and its compatibility with longitudinal research designs (Duriau et al., 2007). Additionally, content analysis has the ability to be non-intrusive and free from researcher demand bias that may be brought on by interview or survey techniques since the organizational narrative is not created with the goals of future organizational research in mind (Duriau et al., 2007; Phillips, 1994; Short, Broberg, Cogliser, & Brigham, 2010). Further, and of particular relevance to this study on OVO, content analysis has the ability to allow insight into the values, cognitions, attitudes, and intentions of individuals and collectives (Carley, 1997; Huff, 1990; Kabanoff, 1996).

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While various types of content analysis exist, in our study we use DICTION 5.0, a computer-assisted content analysis program, to analyze one specific form of organizational narrative—that of CEO letters to shareholders (Hart, 2000; Noble et al., 2002; Short & Palmer, 2008). Shareholder letters are organizational narratives applicable to publicly-traded companies and should be useful to determine the extent of an organization's orientation (e.g., Noble et al., 2002). CEOs of family firms and non-family firms alike have multiple reasons to be carefully attentive to the content in their letters to shareholders. First, the letter is the most widely-read section of the annual report (Courtis, 1982), and the letter therefore provides a forum for the CEO to voice thoughts on important issues affecting the organization (Goodman, 1980). Bowman (1984: 63) specifically notes, "although some people maintain that the prose in annual reports is written by public relations people, the truth is that the typical chief executive officer spends considerable time outlining the contents of the report, sketching out much of it, and proofreading and changing most of it to his taste." As such, we expect these documents to provide a vehicle that highlights elements of the organization that are important to upper level management, but also reflective of the organization as a whole (Noble et al., 2002).

DICTION has been previously used to content-analyze political speeches (Bligh, Kohles, & Meindl, 2004; Hart & Jarvis, 1997), corporate annual reports (Yuthas, Rogers, & Dillard, 2002), and letters to shareholders (Short et al., 2009). DICTION contains thirty-three dictionaries with a total of over 10,000 words, as well as the ability to create custom dictionaries. Content analysis in DICTION has a number of advantages over content analysis using human coders, including (1) stability of coding scheme, (2) explicit coding schemes that provide straightforward comparison of results, (3) complete reliability, (4) easy manipulation of text to allow for output such as key-word-in-context listings and frequency counts, and (5) ease in uncovering co-occurrences of important concepts (Morris, 1994). Computerized analysis also enables the analysis and comparison of voluminous data sets much more reliably and economically than using human coders (Bligh et al., 2004).

Following the methodology set forth in Short and colleagues (2010), we first used a deductive process following theory on organizational virtue to develop our word lists independent of our sample of shareholder letters (Potter & Levine-Donnerstein, 1999). We based our word lists on Chun's (2005) empirically-validated scheme of organization-level virtue ethical character, in which organizational virtuousness is characterized by the six dimensions noted previously. In the validation process of Chun's (2005) scheme, survey respondents and interviewees were asked to choose adjectives that described their organization, and not individuals, thereby ensuring that these virtue adjectives were applicable at the organization level of analysis; adjectives are generally preferable as they originate in the observation of people (Peabody & Goldberg, 1989). Based on Chun's (2005) validated list of six dimensions and twenty-four sub-dimensions, we compiled an exhaustive list of adjectives to capture the meaning of each item. To aid in the compilation process, we used *The Synonym Finder* (Rodale, 1978), a source that has been used in other semiotic and content-analysis studies (e.g., Markel, 1998; Short et al., 2009). For example, words used to capture the Integrity dimension include *dedicated*, *ethical*, and *honest*.

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We limited our synonyms to only adjectives, rather than including other variants of these synonyms (e.g., *dedication* or *honesty*) to align our list with the intent of Chun's (2005) scheme.

Our initial compilation consisted of 1385 adjective synonyms for all six OVO dimensions and twenty-four sub-dimensions. This word list was validated through a multi-step process. Two authors independently examined the list to determine whether each synonym in *The Synonym Finder* was consistent with the conceptualization of each virtuousness dimension. For example, synonyms for the dimension Conscientiousness included *critical*, *finicky*, and *rigid*, which were deleted as they did not relate to virtuousness. As with Chun (2005), these authors also considered whether the adjective was applicable to organizations, and they deleted synonyms from the list that seemed to apply only to individuals, such as *liberal*, *ebullient*, and *open-hearted* in the Warmth dimension. At the end of this deductive process, the two raters agreed that of the 1385 original adjectives, 259 described organizational virtuousness.

Following this initial deductive method, we augmented our list of synonyms with an inductively-derived list based on guidelines given in Short and colleagues (2010). To complete this coding, we compiled a list of words repeated two or more times in shareholder letters from the year 2005 based on DICTION output. Two authors then independently reviewed this list of 1619 words and agreed on twelve additional words that seemed to fit with one the six OVO dimensions. For example, *gracious* (Warmth), *productive* (Conscientious), and *values-based* (Integrity) were added to the dictionary. Our list of synonyms therefore now included 271 words, including 259 deductively-derived words and twelve inductively-derived words.

To determine interrater reliability of our nominal coding scheme (rater agreement or disagreement), we used Holsti's method (1969):

$$PAO = 2A/(nA + nB),$$

where *PAO* is the proportion of agreement observed, *A* is the number of agreements between the two raters, and *nA* and *nB* are the number of words coded by the two raters, respectively. Interrater reliability of our coding scheme was 81 percent, which compares favorably with heuristics for high reliability of 70 to 80 percent and with similar studies in the literature (e.g., Ellis, 1994; Short et al., 2009). Our word lists were mutually exclusive, ensuring that each synonym was associated with a single item (e.g., Neuendorf, 2002). Additionally, we ensured that no dimension or item adjectives appeared on the synonym lists of other items.

To further improve validity of our synonym list, three independent judges evaluated the list to determine if the words in each dimension accurately portrayed both organizational virtuousness and the specific dimension. To ensure consistency, we provided a copy of Chun (2005) to the judges so that each would have the same definitions of the six dimensions and of organizational virtuousness. Based on the recommendations of these independent evaluators, we removed thirty-nine words (a 14 percent reduction), resulting in a final list of 232 synonyms for the six OVO dimensions. The final set of words used is shown in Table 1; these are organized by the six primary dimensions of organizational virtue.

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Table 1: Word Lists for Organizational Virtue Dimensions

Organizational Virtues	Content Analysis Words With Expert Validation
Integrity	authentic, believable, credible, creditable, decent, devoted, earnest, equitable, ethical, even-handed, fair, faithful, forthright, genuine, highly-respectable, honest, honorable, ingenuous, law-abiding, lawful, loyal, objective, principled, resolute, respectable, sincere, socially-responsible, transparent, true, trusted, trustworthy, trusty, truthful, upright, upstanding, values-based, virtuous
Empathy	accepting, aidful, assuring, caring, charitable, compassionate, considerate, empathetic, encouraging, forgiving, helpful, humane, kind, listening, merciful, patient, ready-to-help, supportive, sympathetic, thoughtful, tolerant, understanding, well-being
Warmth	agreeable, amiable, benevolent, cordial, courteous, diplomatic, familiar, friendly, generous, genial, gracious, grateful, hospitable, neighborly, open, pleasant, polite, receptive, straightforward, tender
Courage	achievement-oriented, adept, aggressive, aspiring, assertive, bold, brave, capable, climbing, competent, courageous, daring, desirous, determined, effectual, enduring, enterprising, entrepreneurial, exploitative, foremost, goal-oriented, hardy, heroic, hungry, impenetrable, in-charge, knowledgeable, leading, overcoming, prevailing, ready, self-reliant, skilled, skillful, staunch, stout, striving, strong, tenacious, topmost, top-ranked, valiant, valorous, willful
Conscientiousness	accomplished, accountable, accurate, attentive, at-work, businesslike, bustling, busy, careful, certain, confident, conscientious, conscionable, Customer-centric, demanding, dependable, detailed, diligent, dutiful, effective, efficacious, efficient, engaged, hard-working, heedful, impressive, judicious, laudable, meticulous, mindful, notable, painstaking, persistent, planning, praiseworthy, prepared, productive, protected, proud, regardful, reliable, reputable, responsible, scrupulous, solicitous, stable, steadfast, steady, thorough, tireless, unfailing, value-added, vigilant, watchful
Zeal	alive, anxious, ardent, astonishing, avid, breakthrough, captivating, compelling, creative, dazzling, dogged, dynamic, eager, electrifying, energetic, enthusiastic, enticing, exceptional, excited, exciting, extraordinary, fabulous, fascinating, fervent, fiery, gung-ho, impassioned, ingenious, inspiring, intriguing, invigorating, lively, novel, passionate, provocative, reinvigorated, renewed, resourceful, revolutionary, rousing, spirited, stimulating, stirring, thrilling, transformative, trendsetting, unconventional, unprecedented, vehement, vigorous, visionary, vivacious, vivid, zealous

We calculated a separate score for the six OVO dimensions for each of the 2,175 shareholder letters in our sample. This score represents a word count of the number of times a word, previously identified as a synonym of a particular OVO dimension, was used in a single year's letter. The scores for each letter were then averaged across organizations for all years. We used total year averages for all measures in our study in order to ensure that firms' espoused OVO would not be skewed by language used in a particular year. Multiple years also allows for stakeholders to reject language that does not fit with the culture of the organization (Hatch, 1993). Across firms, the average word counts largely demonstrate consistency in their use of language: 0.98 (Integrity), 0.74 (Empathy), 0.53 (Warmth), 4.80 (Courage), 4.00 (Conscientiousness), and 2.02 (Zeal). For analysis purposes, we standardized the virtue scores by the number of words in the shareholder letter; this was necessary because the shareholder letters exhibited a wide range in length (from 74 to 7,178 words). Standardizing the virtue scores made the scores more comparable across shareholder letters and more easily interpreted.

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RESULTS, LIMITATIONS, AND POST HOC ANALYSES

Table 2 contains descriptive statistics and correlations for the six organizational virtue dimensions used in our analysis, based on our content analysis of shareholder letters. We first tested for evidence of language suggesting OVO in our sample of shareholder letters for both family and non-family firms, as shown in Table 3, to justify further comparison testing. Using a one-sample t-test compared to a test statistic of zero (indicating no evidence of language suggesting OVO), we found that both family and non-family firms use such language. Specifically, we found significant results in family firms for integrity ($t = 16.23$, $p < 0.01$), empathy ($t = 13.09$, $p < 0.01$), warmth ($t = 9.93$, $p < 0.01$), courage ($t = 30.76$, $p < 0.01$), conscientiousness ($t = 30.09$, $p < 0.01$), and zeal ($t = 16.88$, $p < 0.01$). Similar significant results were found for non-family firms as well, justifying our use of additional comparison testing.

Primary Analyses

We performed a multivariate analysis of variance (MANOVA) to test Hypothesis 1, which suggests that family firms will demonstrate higher levels of OVO than non-family firms. Using a MANOVA design overcomes a number of limitations when using several analysis of variance (ANOVA) tests with multiple dependent variables. First, conducting multiple ANOVAs on a single data set for each dependent variable likely increases the Type I error rate (Hair, Anderson, & Tatham, 1987). Additionally, ANOVAs on the six dimensions of organizational virtuousness ignores the correlation between variables and therefore does not account for overall group differences that may exist when viewing all six dimensions as a composite group (Field, 2005). As shown in Table 4, our MANOVA on the complete sample showed a significant difference between family and non-family firms (Wilk's lambda = 0.94, $F = 4.60$, $p < 0.01$) with family firms being higher on OVO. Thus, Hypothesis 1 is supported.

Having established a significant overall difference between our two groups of firms, we further tested our hypothesis using the univariate results from our MANOVA output (See Table 4). We found significant differences in OVO between family and non-family firms in four out of six dimensions, including Empathy, Warmth, Courage, and Zeal. However, contrary to our expectations, non-family firms manifest a significantly greater emphasis on Courage than family firms. Thus, the results only partially supported Hypothesis 1 when each dimension is examined individually; support was found for three of the six dimensions (Empathy, Warmth, and Zeal).

Study Limitations

Findings should be viewed in light of study limitations. First, when examining differences between family firms and non-family firms, researchers may define and operationalize family firms in diverse ways (e.g., Chrisman et al., 2005). While we followed the previous works of Dyer and Whetten (2006) and Short et al. (2009) in our operationalization, other scholars have designated family firm status based upon actual family ownership (e.g., Anderson & Reeb, 2003), whether or not the firm considers itself a family-based firm (Naldi, Nordqvist, Sjoberg, & Wiklund, 2007;

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Table 2: Means, Standard Deviations, and Correlations Among Study Variables

	Mean[a]	Std Dev[a]	1	2	3	4	5	6
Integrity	0.98	0.80						
Empathy	0.74	0.75	0.10*					
Warmth	0.53	0.61	0.08	0.06				
Courage	4.80	2.64	-0.03	-0.04	-0.06			
Conscien-tiousness	4.00	2.05	0.31**	0.07	0.09**	0.02		
Zeal	2.02	1.49	0.03	0.01*	0.07	0.01	0.07	

[a]Means and standard deviations are reported as unstandardized word count data.
*$p < 0.05$
**$p < 0.01$

Table 3: T-Test of Language Representing Organizational Virtue Dimensions in Shareholder Letters

Dimension	Family Firms (n = 142)	Non-family Firms (n = 274)
Integrity	16.23**	22.42**
Empathy	13.09**	19.11**
Warmth	9.93**	14.58**
Courage	30.76**	46.25**
Conscientiousness	30.09**	45.88**
Zeal	16.88**	24.81**

**$p < 0.01$

Table 4: MANOVA and Univariate F-test Results for Family and Non-Family Firms Comparisons

MANOVA	Value	F
Pillai's	0.06	4.60**
Wilks's	0.94	4.60**
Hotelling's	0.07	4.60**
Roy's	0.07	4.60**

Univariate F-test

	Family (n = 142)		Non-family (n = 274)		
Variable	Mean[a]	Std Dev[a]	Mean[a]	Std Dev[a]	F
Integrity	0.29	0.21	0.31	0.23	0.98
Empathy	0.24	0.22	0.21	0.18	2.74†
Warmth	0.20	0.24	0.14	0.16	7.09**
Courage	1.41	0.55	1.53	0.57	3.96*
Conscientiousness	1.23	0.49	1.26	0.45	0.48
Zeal	0.79	0.55	0.61	0.41	13.16**

[a]Means and standard deviations are reported as standardized word count data for ease of interpretation.
†$p < 0.10$
*$p < 0.05$
**$p < 0.01$

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Westhead, Cowling, & Howorth, 2001), or whether or not the firm behaves as a family firm (e.g., Chua et al., 1999). Another limitation of this study is its restriction to large publicly-traded companies and a single source of data (i.e., shareholder letters).

Finally, we cannot indisputably link the language of OVO used in the shareholder letters with the organization's actual orientation or subsequent behavior. Indeed, while identity and culture have been linked to narrative discourse (Fiol et al., 1998), some studies have suggested that executives may use organizational narratives as a means of impression management that may not be consistent with firm cultures, beliefs, behaviors, or even other internal documents (e.g., Clatworth & Jones, 2006; Fiol, 1995). Additionally, research in the accounting literature suggests that firms with more concentrated ownership structures—such as with many family firms—tend to be less informative in reporting financial earnings than firms with more diffused ownership structures (Dempsey, Hunt, & Schroeder, 1993; Donnelly & Lynch, 2002). So, it is possible that family firms may use shareholder letter rhetoric so as to maximize the impression of being highly virtuous and achieve favorable perceptions from key stakeholders (e.g., Dyer & Whetten, 2006). Thus, documents such as shareholder letters may only represent claimed values and not actual orientations. That said, contentions that such narratives are used for impression management are not definitive; some studies have demonstrated a positive relationship between organizational narratives and behaviors. For example, Bowman (1984) demonstrated a relationship between annual report language asserting corporate social responsibility and firm behavior. Also, Michalisin (2001) showed a relationship between assertions of innovativeness in the shareholder letters and the firm's reputation for innovation and the number of trademark applications made by the firm.

Post Hoc Analyses

Based on the identified limitations associated with our primary study, we conducted two additional post hoc analyses to further explore family/non-family firm differences in OVO. First, because of the wide variety of organizations in our sample and the potential differences that exist among them, we used a MANCOVA test to determine if the OVO differences remained significant while controlling for past performance and environmental variability. Second, we were interested in determining if different conceptualizations of family firms differed in their OVO. To examine these differences, we investigated OVO differences across two types of family firm distinctions using matched pair analyses. One matched pair analysis explored OVO differences across family firms with different degrees of firm management by the family, while the other examined differences across family firms with different generational family involvement.

In our first post hoc analysis, we replicated our initial MANOVA analysis but applied a MANCOVA test controlling for performance and environmental variability. A MANCOVA is similar to MANOVA but controls for potentially confounding covariates, thus making it appropriate for our research purposes (e.g., Hair et al., 1987). We controlled for past performance on account of research demonstrating a link between a firm's social performance and prior financial performance (e.g.,

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Waddock & Graves, 1997). This link suggests that firms with higher financial performance will have more slack resources to dedicate toward their social responsibilities. Hence, higher levels of slack resources may prompt firms to adopt a greater OVO and greater flexibility to actually behave in a more virtuous manner. Moreover, environmental dynamism was included as an additional covariate based upon the research of Goll and Rasheed (2004), who found that a firm's corporate social performance relationship to firm performance was higher in more dynamic environments. This supported their expectation that firms cope with environmental uncertainty or dynamism through enhancing their social legitimacy through increasing their social performance. Thus, in environments high in dynamism, a firm may espouse greater levels of OVO because greater social legitimacy benefits the firm in times of environmental uncertainty (e.g., Goll & Rasheed, 2004). We operationalized past performance using return on assets (ROA) and environmental variability using dynamism, as discussed by Dess and Beard (1984).

Similar to our previous MANOVA, our MANCOVA results demonstrated a significant difference between family and non-family firms' OVO (F-statistic = 3.97, $p < 0.01$). Additionally, including covariates revealed differences in three of the six dimensions of OVO including Warmth (F-statistic = 5.05, $p < 0.05$), Courage (F-statistic = 4.95, $p < 0.05$), and Zeal (F-statistic = 11.20, $p < 0.01$), with Courage again being significantly higher for non-family firms.

Next, we conducted two matched pair analyses to account for the multiple types of family firm distinctions (e.g., Chua et al., 1999). A matched pairs design is a common method in examining differences between groups to control for external factors that may be confounding difference results between samples (e.g., Jorissen, Laveren, Martens, & Reheul, 2005; McConaughy, Matthews, & Fialko, 2001). For reasons outlined above (e.g., Goll & Rasheed, 2004), we matched different types of family firms according to whether the firms faced a similar amount of environmental dynamism (e.g., Dess & Beard, 1984). We matched different types of family firms to their closest match on environmental dynamism. In 73 percent of the matches, the differences in dynamism between the two firms were 0.02 or less, and in 93 percent of the matches the difference was 0.10 or less.

In our first matched pair analysis, we matched family firms according to whether the firm had a family member in upper management (CEO or a direct report of the CEO) or did not have a family member in an upper management position. Family firms with different levels of involvement in firm management are argued to conduct themselves differently with respect to stakeholders (Le Breton-Miller & Miller, 2009) and have differential effects on firm activities (Villalonga & Amit, 2006). Firms where family control is not closely held are argued to be more altruistic and generous towards stakeholders, which likely influences the level of a firm's OVO. From our sample of family firms, we were able to match ninety-two firms, forty-six that had a family member in upper management and forty-six firms that did not have a family member within the ranks of upper management. OVO means were higher in family firms without a family member in upper management for all virtues except Zeal. ANOVA results across the two groups, however, demonstrated that none of these mean differences were significant.

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We next matched family firms according to generational family involvement. Research indicates that family firms conduct themselves differently if the family involvement is first generation (founder) or subsequent generations (second and higher generations from the founder) (Martin & Lumpkin, 2003; Villalonga & Amit, 2006). Martin and Lumpkin (2003) found that successive generations of family firms tend to display decreasing levels of an entrepreneurial orientation compared to first generation managers (founders) and increasing levels of a family orientation that involve actions of loyalty, inclusiveness, and trust. Decreasing levels of aggressive conduct indicative of an entrepreneurial orientation and increasing levels of trust and inclusiveness in successive generational family firms may implicate different levels of OVO across different types of generational family firms.

Within our sample of family firms we were able to match forty-six first-generational family firms (i.e., the founder was still involved either as a member of upper management or a member of the board of directors) with forty-six family firms where the family involvement came from second generation and higher family members. Second and beyond generational family firms displayed higher organizational virtue means for all OVO dimensions except Empathy. However, and similar to the first matched pairs analysis, none of these mean differences between generational family firm groupings were found to be statistically significant.

DISCUSSION

In a general vein, the implementation of Sarbanes-Oxley has encouraged all publicly-traded businesses to espouse more language representing organizational virtuousness (Myers, 2003) and our analyses (see Table 3) provides evidence that this type of language is evident in CEO shareholder letters for both family firms and non-family firms. But as hypothesized, our findings support the basic argument that the two types of firms differ in their OVO, and that family firms generally exhibit higher levels than non-family firms. For the individual dimensions of organizational virtue, we find that family firms espouse significantly higher levels for the Empathy, Warmth, and Zeal dimensions, but significantly lower levels for Courage.

While our findings support the idea that family firms tend to exhibit greater levels of OVO overall, the individual dimensions of organizational virtue suggest a more complex picture. Examining the positively-associated dimensions, it seems that family firms may place emphasis on those character traits that achieve certain levels of harmony, as suggested by Lumpkin et al. (2008) and Vallejo (2008). Specifically, the dimensions of Empathy and Warmth demonstrate the importance of concern, reassurance, supportiveness, sympathy, friendliness, openness, pleasantness and straight-forwardness to family firms (Chun, 2005), which seem to suggest a harmonious culture. These traits may be "founded on aspects such as the participation and representation of all the groups involved in the family business, the development of relationships based on trust that stimulate dialog and cordiality, and the creation of a working climate or atmosphere conducive to negotiation about any differences between the branches" and developed as a means of managing higher degrees of complexity such as found in large *S&P 500* businesses (Vallejo, 2008:

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272). Indeed, Vallejo (2008) speculates that the evolutionary perspective of family firms (e.g., Gersick et al., 1997) may suggest that achieving harmony becomes increasing important to the organization as it grows and evolves. Future research could extend our study to determine if OVO changes similarly coincide with family firms stages of development.

The emphasis on Zeal, which involves excitement, imagination, innovation and spirit, may be an artifact of the founding entrepreneur's ideology regarding business success and growth, and likely pervades the family's beliefs and the organization's identity. For family firms, organizational identity is often strongly influenced by the long-term legacy of the founder (e.g., Kelly, Athanassiou, & Crittenden, 2000). Even in organizations where founders have not been personally involved with company operations for many years, there may still be a significant influence of the 'founder's shadow' that affects organizational dynamics and processes (Davis & Harveston, 1999).

As exemplified by the contradictory evidence of the Courage dimension, family firms may exhibit less virtuousness than non-family firms in some ways. This difference may simply reflect a preference of some firms to build organizational identities around certain ideals. Therefore, Courage—reflecting ideals such as achievement, ambition, competency, and leadership (Chun, 2005)—may be somewhat at odds with the empathetic or warm culture of the family firm. Or, such traits may simply be a less important characteristic to family firms as compared to other virtuous characteristics. Indeed, previous research has demonstrated that family firms are typically lower in terms of entrepreneurial orientation (EO) than non-family firms, specifically along the EO dimensions of autonomy, proactiveness, and risk taking (e.g., Short et al., 2009). Courage, as a component of OVO, seems to align relatively closely with these dimensions of EO. Future research could examine other, more specific elements of Courage, and provide more theoretical development surrounding why family firms may be higher, or lower, in some elements of organizational virtue rather than others.

Our post hoc analyses introduce additional considerations that warrant discussion. Most notably, the potential organizational virtue to organizational performance linkage is in need of further exploration. The moral component of virtuousness has been described as doing what is good and right for its own sake (Cameron et al., 2004; Peterson, 2003). This embodies the notion that being virtuous is an end in itself and not done as a means to achieve another outcome. However, for organizational virtue to be salient for organizational researchers and practicing managers, the link between OVO and organizational outcomes (e.g., performance) needs to be established (Cameron et al., 2004). This requires framing organizational virtue as a means to an end and appears to violate the foundational moral component of virtue. This presents a paradox.

Extrapolating virtue to the organizational level will likely be treated as an intervening variable that is associated with other organizational outcomes. For example, strategic management researchers are principally interested in discovering sources of sustained competitive advantage, which ultimately leads to financial success and firm survival. Following the resource-based view (Barney, 1991; Wernerfelt,

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1984), managers are taught to search for resources and capabilities that are valuable, rare, inimitable, and non-substitutable. To the degree that a resource or capability meets these four criteria, it is more likely to be a source of sustainable competitive advantage. It is possible that developing a strong OVO may meet most or all of these criteria and, if the organizational virtue to performance link is established, it is likely that it would be treated as a resource or capability that should be invested in and cultivated in order to achieve higher economic returns. In such a scenario, developing OVO would not be a goal in itself, but rather another means of improving organizational performance. Thus, it may well be that for organizational virtue to be viewed as a useful construct in the broader organization and management literatures, the pure assumption of moral character may have to be relaxed.

Given the preceding arguments regarding the organizational virtue to performance relationship, there are numerous opportunities for future research in both the literature on business ethics and on family firms. Chiefly, it would be useful and interesting to better understand how OVO is related to various organizational outcomes such as innovativeness or financial performance. While Cameron and colleagues' (2004) study shows that higher levels of perceived organizational virtuousness is positively related to higher levels of perceived performance (i.e., innovation, quality, customer retention, and employee turnover), a large scale study of the relationship between organizational virtue and organizational performance has yet to be realized at the organizational level. In fact, Cameron et al.'s (2004) study used a random sample of employees from only eighteen different firms.

In Chun's (2005) article, she explicitly discusses some key assumptions regarding the development of the organizational virtue dimensions. Two of these assumptions suggest the expectation that organizational virtue should be linked to firm performance. First, one assumption noted that character items should be able to be used for strategic positioning. Second, another assumption noted that organization virtues should serve as a means to satisfy stakeholders, both internal and external. Therefore, it seems logical to assume that higher levels of OVO would be associated with higher levels of financial and non-financial performance, though the linkage among these variables may not be direct (Miller & Le Breton-Miller, 2005; Miller, Le Breton-Miller, Lester, & Cannella, 2007; Sirmon et al., 2008). For instance, Sorenson et al. (2009: 251) state that "virtue is not always rewarded in the marketplace. But our findings suggest that virtue is rewarded with stakeholder trust and that such trust is reliably correlated with economic returns." Specifically, Chun (2005) suggests testing the link between the virtue ethics scale and emotional attachment, loyalty, likelihood of investment, and stakeholder relationships, in addition to financial performance.

Prior research has suggested that there may be few differences between family and non-family firms with regard to their strategic orientations (Daily & Thompson, 1994). Therefore, differences in performance outcomes between family firms and non-family firms must be attributable to other sources of competitive advantage. Based on our study, fundamental differences between family and non-family firms may be associated with comparative differences in OVO, which may serve as a potential source of competitive advantage (Chun, 2005). Future research should build

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on our findings by examining direct relationships between more specific family firm characteristics and the OVO dimensions. For instance, in the family business literature it is generally thought that family firms will have a greater long-term orientation than non-family firms (e.g., Anderson & Reeb, 2003; Gomez-Mejia, Haynes, Nunez-Nickel, Jacobson, & Moyano-Fuentes, 2007; Kellermanns, Eddleston, Barnett, & Pearson, 2008) and that a long-term orientation might be a source of uniqueness and competitive advantage for family firms (e.g., James, 1999; Miller & Le Breton-Miller, 2005). It is suggested here that a long-term orientation and a strong OVO may overlap to a great extent and serve as a key point of competitive advantage for family firms.

In a related fashion, future research should consider the multidimensionality of the OVO construct and alternative ways to explore the organizational virtue to performance relationship. As demonstrated in our study, the dimensions are unique and would likely influence various performance outcomes differently. Consideration, then, should be given to analyzing organizational virtue in firms using a configurations perspective (Short et al., 2008). For instance, a potential study could measure the 6 dimensions of organizational virtue in a single industry and cluster these into organizational groupings to determine if an optimal organizational configuration exists or if equifinality may be present. Equifinality is defined as the state of achieving a particular outcome (e.g., financial performance) through various paths or configurations (Payne, 2006). Similarly, using configurations theory to examine OVO fit within the broader environment, particularly for smaller firms, might be a fruitful direction for future research (e.g., Payne, Kennedy, & Davis, 2009; Wiklund & Shepherd, 2005).

Another related area for future research is concerned with the antecedents associated with OVO. If there is legitimate value in developing an organization with an orientation towards virtuousness, then what can owners or managers do to develop such an orientation? Previous research suggests a number of actions that a manager could take to enhance an organization's OVO including focusing on the core business practice, developing the culture of the organization to better reflect virtuous ideals, and assessing and developing virtuous character in individual employees (e.g., Moore, 2008; Weaver, 2006). Shifting to a focus on assessing a potential employees' virtuous character versus personality might be a very practical step towards enhancing OVO; this practice could be extended to all levels of the organization including board appointments, given that board effectiveness has shown to positively affect organizational performance (Payne, Benson, & Finegold, 2009). Cameron et al. (2004) posit that individual virtuous behavior can be contagious, initiate others to act more virtuously, and be amplified and reinforced throughout the organization. Thus, a focus on attracting and selecting virtuous board members, managers and employees may be one of the most achievable and beneficial steps in promoting OVO. Moreover, human resource scholars may be interested in empirically exploring the benefits or outcomes of hiring and training employees according to OVO characteristics.

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CONCLUSION

Organizational virtue is of growing concern in the business literature. Yet, there has been little research that seeks to either empirically understand and test organizational virtue or apply it to specific research contexts. Our study provides two main contributions to the extant literature. First, this study represents the first to comprehensively examine organizational virtue in businesses from an orientation perspective. Our development and use of the OVO concept serves to move the field forward by differentiating between propensity or affinity and actual virtuous behavior. Further, our review of the extant literature revealed no previous empirical articles that have applied Chun's (2005) six dimensions to the study of organizational virtue or examined the existence of such characteristics using actual organizational-level data. Thus, we further validate the virtue dimensions and give researchers additional means by which to study virtue at the organizational level of analysis. Additionally, by using public correspondence to stakeholders prepared by the top management team of the firm (i.e., shareholder letters), we overcome some of the inherent limitations associated with employing a single informant in survey designs.

A second major contribution of this study is based upon current limitations in the family business literature. To date, very few studies have devoted attention to the understanding of virtue within the context of family firms. Two notable exceptions are a pair of studies by Yan and Sorenson (2006) and Sorenson et al. (2009), which examine Confucian virtues in family firms and the impact that virtues have on succession. Thus, our study is timely in that it further demonstrates the importance of virtue in the family business literature and suggests that understanding virtue may help us further understand the operations, processes, and systems that differentiate family firms from other types of organizations, which is a primary research question within the family business literature (Chrisman et al., 2003).

In summary, our study underscores the importance and multidimensional nature of organizational virtue orientation and demonstrates its importance for better understanding the nature of family businesses.

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