Nooleadership or Virtuous Leadership and Its Impact on Organizational Performance

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Abstract

The study sought to evaluate the nooleadership or virtuous leadership practice, the predominant leadership styles, and the leadership effectiveness of a group of executives of several organizations. Additionally, the relationship between virtuous leadership and leadership effectiveness, the relationship between leadership effectiveness and organizational performance, and the relationship between virtuous leadership and organizational performance has been investigated. In order to evaluate the virtuous leadership practice a closed instrument of Likert type has been developed and applied in each researched organization involving a sample of executives leading to the virtuous leadership index. To identify the predominant leadership styles, as well as the leadership effectiveness of the involved executives, it has been used an instrument available in the market. To verify the relationship between virtuous leadership index and leadership effectiveness, it has been used the linear regression method computing the linear correlation coefficient between the before mentioned variables. To compute the organizational performance, an existing model, the Organizational Differentiation Model, has been applied leading to the organizational differentiation index for each one of the 48 organizations involved. To investigate the relationship between leadership effectiveness, taken the average value per organization, and organizational differentiation index, it has been used the linear regression computing the linear correlation coefficient between the before mentioned variables. The same procedure was used to investigate the relationship between virtuous leadership index and organizational differentiation index. The study has shown that the organizations have a virtuous leadership profile unbalanced regarding the dimensions considered in the measuring instrument, presenting low scores as far as hope/faith, altruistic love and meaning/calling dimensions are concerned. Additionally, the study has uncovered lack of flexibility regarding the leadership styles, presenting styles of selling and sharing ideas as dominants. The study also showed that the leadership effectiveness of the involved executives was at a moderate level. Finally, the research pointed out a high positive relationship between virtuous leadership index and leadership effectiveness, and, furthermore, it showed that both variables present a high positive relationship with the overall success of organizations measured by their organizational differentiation indexes.

Key-words: nooleadership or virtuous leadership, virtuous leadership index, leadership style, leadership effectiveness, organizational differentiation.
INTRODUCTION AND REVIEW OF THE LITERATURE

Nooleadership or Virtuous Leadership
Many personal aspects will interact to determine the actions of a person in a leadership role. Perceptions, attitudes, motivations, personality, skills, knowledge, experience, confidence, and commitment are a few of the variables which are important for understanding the behavior of people. They are no less important for understanding the behavior of people at work, whether they are leaders or not. However, this study will highlight what may well be the crucial and underlying determinant of leaders’ behavior - virtues.

Virtues were first defined in Philosophy/Theology literature and is connected with intelligence theories going back to Plato and Socrates who reasoned that intelligence would always organize things in the best possible way. Thomas Aquinas and Immanuel Kant furthered the discussion with ideas of higher, lower and different kinds of intelligences. The importance of a virtuous system is that once internalized it becomes, consciously or subconsciously, a standard or criterion for guiding one’s action. Thus the study of leaders’ practice of virtues is extremely important to the study of leadership.

All cultures and religions of the world agree that humans consist of body, mind, and spirit (Smith, 1992). In many Western cultures the importance of developing the body and mind in education and business has been recognized but the development of the spirit has been mainly left to religious communities and personal exploration. Let’s consider the example of USA. “The strong separation between religion and government has carried over virtually to all other institutional arrangements in American life” (Mitroff & Denton, 1999, p.19). When the founders of the United States of America established the separation of church and state to prevent the state from imposing required spiritual beliefs and practices on citizens, they probably never thought that there would be a complete separation of spirit considerations from those of the body and mind and their development in education, business and politics.

The need for spirit recognition and development in business is more apparent than ever. The way organizations have responded to spiritual matters or concerns of the spirit have been to declare them out of bounds or inappropriate (Mitroff & Denton, 1999). However, the crisis of confidence in leadership due to corporate frauds, worker’s sense of betrayal engendered by downsizing and outsourcing, economic recession, unemployment, sex scandals, and general distrust are leading people on a search for spiritual solutions to improve the resulting tensions (Hildebrant, 2011; Parameshwar, 2005). Bennis (1989) says, “what’s missing at work is meaning, purpose beyond oneself, wholeness, integration, we’re all on a spiritual quest for meaning, and that the underlying cause of organizational dysfunctions, ineffectiveness, and all manner of human stress is the lack of a spiritual foundation in the workplace”. There has been “an explosion of interest in workplace spirituality” (Parameshwar, 2005, p.690) in part because “the quest for spirituality is the greatest megatrend of our era” (Aburdene, 2007, p.4). Patricia Aburdene (2007) reports that spirituality is ‘Off the Charts’, 98 percent of Americans believe in God or ‘a universal Spirit’ and people’s expressed need for spiritual growth has increased by 58% in the last five years (p.5). Amram (2009) states that the growing interest in workplace spirituality can be
explained in part by Maslow’s hierarchy of needs. As the standard of living increased, so that people are not worried about survival and safety, their concerns have shifted to self-actualization and spiritual needs such as self-transcendence. “Work forms one of people’s most significant communities, they expect work (where they spend the bulk of their waking hours) to satisfy their deeply held need for meaning” (Amram 2009, p.33). A positive work-life balance is important to maintain – although some people go to work to avoid difficult situations at home (Hayward, 2013).

Several authors have stated that spiritual leadership and spiritual intelligence are needed to face the challenges of the 21st century. Mitroff and Denton (1999) say, “In plainest terms, unless organizations not only acknowledge the soul but also attempt to deal direct with spiritual concerns in the workplace, they will not meet the challenges of the next millennium” (p.7). “Leadership in the third millennium must be based on the power of purpose, love, caring, and compassion,” says Mackey in relation to spiritual intelligence in the workplace (Mackey & Sisodia, 2013, p.193). Hildebrant (2011) say, “the demands of the various factions of stakeholders are creating a leadership climate where spiritual leadership is overcoming the bureaucratic approach of the 20th century” (p.91). To effectively meet the problems of the 21st century, leaders must be developed who have high spiritual intelligence (SQ) in conjunction with high cognitive intelligence (IQ) and high emotional intelligence (EQ). There is also an underlying assumption that the physical strength of the leader is also robust and needs to be high so that the demands of leadership can be properly met.

Before defining spiritual intelligence, it is important to establish what it is not and define key terms. Spiritual Intelligence is not spirituality or religion, nor is spirituality synonymous with religion. Religion is characterized by a class system that delineates the spiritual leaders and followers of the doctrine (Hildebrant, 2011); it is focused on the rituals and beliefs with regard to the sacred within institutional organizations (Amram, 2009), and is defined by a specific set of beliefs and practices, usually based on a sacred text, and represented by a community of people (Wigglesworth, 2012). Religions ordinarily manifest the following eight elements: belief system, community, central myths, ritual, ethics, characteristic emotional experiences, material expression, and sacredness (Molloy 2005, pp. 6-7).

Many people are “spiritual” without being “religious” in that they do not participate in organized religion, while others are “religious” without being “spiritual” in that they participate in the necessary rituals and creeds but their ethics, morals and day-to-day living do not match their professed beliefs (Delaney, 2002). Spirituality is defined in a number of different ways. Emmons (2009a) says it “is the personal expression of ultimate concern”. Wigglesworth (2012) defines it as “the innate human need to be connected to something larger than ourselves, something we consider to be divine or of exceptional nobility”. Miller, cited by Delaney (2002, p.7), defines spirituality as “an individual’s personal, subjective beliefs and experiences about a power greater than themselves, and about what is sacred to him/herself, which assumes that reality is not limited to the material, sensory world”.

Based upon these themes Friedman and MacDonald, as reported by Amram (2009), found when reviewing many definitions of spirituality, that spirituality can be defined as (a) focus on ultimate meaning, (b) awareness and development of multiple levels of consciousness, (c) experience of the preciousness and sacredness of life, and (d) transcendence of self into a connected whole. Also reviewing many definitions and concepts of spirituality Wilber
(2006) offers four meanings: (1) the highest levels in any of the developmental lines such as cognitive, values and needs, (2) a separate line of development – spiritual intelligence – that could be defined as faith in Fowler’s Stages of Faith, (3) an extraordinary peak experience or “state” experience which could be enacted by mediation or prayer as seen in Evelyn Underhill’s work, and (4) a special attitude that can be present at any stage or state such as love, compassion or wisdom.

Spiritual intelligence combines spirituality and intelligence into a new construct (Amram, 2009), but not by simply integrating one’s intelligence with his or her spirituality (Hosseini, M., Elias, H., Krauss, S. E., & Aishah, S., 2010). Emmons (1999) states that “whereas spirituality refers to the search for, and the experience of, elements of the sacred, meaning higher-consciousness and transcendence, spiritual intelligence entails the abilities that draw on such spiritual themes to predict functioning and adaptation and to produce valuable products or outcomes”.

However, several authors claim that spiritual intelligence is not an intelligence based upon their definitions of spirituality and intelligence. Gardner (2009) does not accept spiritual intelligence as a construct. In his paper *A Case Against Spiritual Intelligence* he reinforces his dismissal of spiritual intelligence on the basis of (a) including felt experiences, (b) a lack of convincing evidence about brain structures and processes for this form of computation, and (c) he sees it as a domain of the human psyche without biological potential rather than an intelligence with its primary tie to cognition. Mayer (2009) sees the construct as spiritual consciousness rather than spiritual intelligence, because it doesn’t meet his criteria of intelligence as “abstract reasoning with coherent symbol systems”. He goes on to say that:

“We must understand the symbol system of spiritual and religious writing better to understand the sort of reasoning that takes place within it. Where are the mental transformations necessary to think spiritually? Can the rules of such reasoning be made accessible to the scientist, to computer representations? Are there special instances when spiritual thought achieves a critical mass of abstract reasoning, and therefore qualifies as an intelligence? At present, spiritual intelligence, like spirituality itself, remains mysterious in many respects” (Mayer 2009 p.55).

In spite of these two major dissenting voices, many others in the field are proposing definitions for spiritual intelligence and a few are offering instruments for its measurement. Among the earliest voices to define spiritual intelligence are Zohar and Marshall (1999). Zohar says:

“By spiritual intelligence (SQ) I mean the intelligence with which we address and solve problems of meaning and value, the intelligence with which we can place our actions and our lives in a wider, richer, meaning-giving context, the intelligence with which we can assess that one course of action or one life-path is more meaningful than another. SQ is the necessary foundation for the effective functioning of both IQ and EQ. It is our ultimate intelligence” (p.3).

They do not believe spiritual intelligence can be measured. Another early voice is Emmons (1999), who defines spiritual intelligence as “a framework for identifying and organizing skills and abilities needed for the adaptive use of spirituality”. Following a critique by Mayer (2009), Emmons (2009b) refined his core components list of spiritual intelligence to four: (a) the capacity for transcendence, (b) the
ability to enter into heightened spiritual states of consciousness, (c) the ability to invest everyday activities, events, and relationships with a sense of the sacred or divine, and (d) the ability to utilize spiritual resources to solve problems in life. No instrument to measure intelligence has been constructed by him because he too does not believe it can be measured (Emmons, 2009a).

Vaughan (2002) speaks broadly when defining spiritual intelligence. She says that spiritual intelligence is concerned with the inner life of mind and spirit and its relationship to being in the world. It implies a capacity for deep understanding of existential questions and insight into multiple levels of consciousness. It implies awareness of spirit as the ground of being or as the creative life force of evolution. Spiritual intelligence emerges as consciousness evolves into ever-deepening awareness of matter, life, body, mind, soul, and spirit. It is more than individual mental ability. It appears to connect the personal to the transpersonal and the self to spirit. It implies awareness of our relationship to the transcendent, to each other, to the earth and all beings. It can be developed and be expressed in any culture as love, wisdom, and service. Spiritual intelligence depends on the capacity to see things from more than one perspective and to recognize the relationships between perception, belief, and behavior. It depends on familiarity with at least three distinct ways of knowing: sensory, relational, and contemplative (Vaughan 2002 pp.19-20).

She has made no attempt to develop a tool to measure spiritual intelligence.

Sisk (2002) describes spiritual intelligence as a deep self-awareness in which one becomes more and more aware of the dimension of self, not simply as a body, but as a mind-body and spirit. Spiritual intelligence enables us to: develop an inner knowing; connects us with the Universal Mind for deep intuition; enables us to become one with nature and to be in harmony with life processes; enables us to see the big picture, to synthesize our actions in relation to a greater context; and engages us in questions of good and evil (p.209-210). No effort to develop an instrument to measure spiritual intelligence has been made by him.

Noble (2000) did not develop a tool to measure spiritual intelligence and defines spiritual intelligence as follows:

“A quality of awareness that recognizes the multidimensional reality in which physicality is imbedded and the personal and societal importance of cultivating empathy, self-awareness, and psychological health is reinforced. Spiritual intelligence is a dynamic and fluid process, not a static product. It includes, but is not limited, to openness to unusual and diverse experiences broadly labeled “spiritual.” More importantly, it is a quality of awareness that continuously seeks to understand the meaning of those experiences and the ways in which they inform one’s personal and community life – physically, psychologically, intellectually, and interpersonally. It is neither blind nor rigid adherence to a prescribed set of beliefs but a mindset that tolerates uncertainty and paradox as well as the anxiety of “not knowing.” Although an individual might choose to practice a particular religion or spiritual discipline, spiritual intelligence is the awareness that the whole is always greater than the sum of its parts, no matter how cherished a part might be” (Noble 2000 p.4).

Nasel et al. (2004) defined spiritual intelligence as “the ability to draw on one’s spiritual
abilities and resources to better identify, find meaning in, and resolve existential, spiritual and practical issues”. His conceptualized spiritual intelligence as a model that exhibits similarity to Galatians 5:22 showing qualities of love, joy, peace, patience, kindness, goodness, faithfulness, humility, and self-control; in short – virtues. Nasel (2004) developed the Spiritual Intelligence Scale (SIS) as a way to assess forms of spiritual intelligence related to Christianity and individual-based spirituality. He also developed the Spiritual and Religious Dimensions Scale (SRDS) to measure the difference between people who adhere to traditional Christianity, and those who adopt the principles of New Age/unaffiliated contemporary spirituality.

Another definition of spiritual intelligence is provided by Wolman (2001) as “the human capacity to ask ultimate questions about the meaning of life, and to simultaneously experience the seamless connection between each of us and the world in which we live”. After stating his position opposing the construct of a measurement instrument (p.118) he developed the PsychoMatrix Spirituality Inventory (PSI) which measures and describes seven spiritual factors: mindfulness, intellectualty, divinity, childhood spirituality, extrasensory perception, community, and trauma. The PSI seems to be more a measure of spiritual orientation than spiritual intelligence (Amram, 2009).

Tirri, Nokelainen, and Ubani (2006) from the University of Helsinki developed the Spiritual Sensitivity Scale based upon the empirical studies and definitions of spirituality by Hay and Bradford. The Spiritual Sensitivity Scale consists of four dimensions: (1) Awareness sensing, (2) Mystery sensing, (3) Value sensing, and (4) Community sensing (p.37). Awareness sensing refers to an experience of a deeper level of consciousness when we choose to be aware by “paying attention” to what is happening, “being aware of one’s awareness”. Mystery sensing is connected to our capacity to transcend the everyday experience and to use imagination. Value sensing emphasizes the importance of feelings as a measure of what we value. Community sensing represents the social aspects of human love, care, devotion, and practicality (pp.40-41).

Wigglesworth (2012) defines spiritual intelligence as “the ability to behave with wisdom and compassion, while maintaining inner and outer peace, regardless of the situation”. This definition “falls within the general definitions offered by Gardner (2009) who view intelligence as a skill, competence, or ability to comprehend or make sense of things or situations and then bring adaptive, creative approaches to solve problems”. Wigglesworth (2012) describes spiritual intelligence as a set of skills developed over time and with practice. She identified 21 skills in four categories: self/self-awareness, universal awareness, self/self-mastery, and social mastery/spiritual presence. She says that “spiritual intelligence comes down to this essential question: Who is driving your life? Is the calmer, wiser “Higher Self” in charge, or are you driven by an immature, short-sighted ego and/or the beliefs and ideals of others?” (Wigglesworth 2010 p.13). She goes on to say that spiritual intelligence helps us mature the ego and allow our Higher Self to drive the car of our life, while ego sits in the passenger seat. Wigglesworth developed the “SQ21” spiritual intelligence assessment instrument.

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

Table 1
Seven Types of Virtues

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

Source: Adapted from Fry (2005).
The Importance of Values and Virtues

Values and the practice of virtues will affect not only the perceptions of appropriate ends, but also the perceptions of the appropriate means to those ends. From the concept and development of organization strategies, structures and processes, to the use of particular leadership styles and the evaluation of subordinate performance, value and virtue systems will be persuasive. Fiedler (1967) came up with a leadership theory based upon the argument that managers cannot be expected to adopt a particular leadership style if it is contrary to their value orientations.

An influential theory of leadership (Covey, 1990) is based upon four dimensions: personal, interpersonal, managerial, and organizational. Not by accident the personal dimension is considered the core dimension. Incidentally it encompasses the value profile of the individual.

Tannenbaum and Schmidt (1973) suggested that there are at least four internal forces that influence a manager’s leadership style: value system, confidence in employees, personal inclinations, and feelings of security in an uncertain situation. Again value system plays an important role. In short, people decide according to the value system they espouse, in other words values and attitudes are important because they may shape behavior, and behavior will influence people.

Leaders of Tomorrow - Values and the Practice of Virtues

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

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

Therefore, responsible influence, leadership centered in collective objectives, coherence and fecundity, are the four criteria to be pursued in developing the leaders of tomorrow. Summarizing we need to put into practice the ideas presented by Nanus (1995) in his book Visionary Leadership, that is to say, an organization’s senior leaders need to set directions and create a customer focus, clear and visible values, and high expectations, which should balance the needs of all stakeholders; ensuring the creation of strategies, systems, and
methods for achieving excellence, innovation, and building knowledge and capabilities, including the development of leadership.

Finally, the democratization of the concept of leadership, and at the same time, as an activity, primarily focused on people and their needs, as proposed by Safty (2003), is a must.

**Leadership**

The objective of this topic is not to review all the literature on leadership. On the contrary, it will be explained why a particular leadership model, namely Situational Leadership, has been chosen. Situational Leadership was developed by Paul Hersey and Kenneth H. Blanchard (1969) at the Center for Leadership Studies. Apart of trait and attitudinal approaches to leadership, Hersey-Blanchard tridimensional leader effectiveness model was selected as more appropriate due the fact it was designed to measure three aspects of leader behavior which were suitable to answer some of the research questions of the study. These three aspects of leader behavior are: a) style, b) style range or flexibility, and c) style adaptability or leadership effectiveness (LE).

A person’s leadership style involves some combination of task behavior and relationship behavior. The two types of behavior, which are central to the idea of leadership style, are defined as follows: a) task behavior – the extent to which leaders are likely to organize and define the roles of the members of their group, and b) relationship behavior – the extent to which leaders are likely to maintain personal relationships between themselves and members of their group.

The effectiveness of the leaders, on the other hand, depends on how appropriate their leadership style is to the situation in which they operate. This appropriateness comes from the matching of leader style and follower task relevant maturity, or task readiness. Readiness in Situational Leadership is defined as the extent to which a follower demonstrates the capacity (knowledge, experience, and skill) and willingness (confidence, commitment, and motivation) to accomplish a specific task (Hersey, Blanchard and Johnson, 2001).

**A proposed framework for rating organizational differentiation**

In order to perform this, the *Organizational Differentiation Model* (ODM) is suggested (Bruno, 2006).

The ODM is a comprehensive approach based on two sets of organizational variables – intervening variables called “commitments” and a set of end-results variables called “results”, aiming at assuring a strategic and articulated logic across the company businesses, designed to increase its market value, achieved through the interaction of the two sets of variables.

The model is based on the evaluation of eleven major dimensions divided in two groups:

- commitments – encompassing “human capital”, “innovation capital”, “process capital”, “relationship capital”, “environment” and “society”; and
- results – involving end-results as “operational margin”, “net profit”, “capital turns”, “earns before interest, taxes, depreciation and amortization” (EBITDA), and “economic value added” (EVA) or “cash value added” (CVA).
Commitments

*Human Capital* does not belong to the firm, as it is a direct consequence of the sum of its employees' expertise and skills.

*Process capital* means the internal and external processes that exist within the organization and between it and the other players; namely the *relationship capital* that is concerned with the customers, suppliers, subcontractors and other major player involved – as global business is today a reality, it being difficult to determine a company’s boundary (JOIA, 2000); and *innovation capital*, a direct consequence of the organization’s culture and its capacity of creating new knowledge from the existing supply. These last three capital sources constitute what is called structural capital that belongs to the company, and can be traded, being the actual environment built by the organization to manage and generate its knowledge adequately. Ending up *environment* and *society* means the way the organization deals with the protection of natural resources and the development of society as a whole.

In order to create an overall picture regarding the commitments a set of closed instruments was developed involving the six before mentioned dimensions.

This set of instruments will lead us to an average score for the commitments, ranging from “0” to “1”, considering that the relative score involving each instrument has been taken into account. Six closed instruments have been used to compute the variable Commitments (C), for each organization.

Results

The second group of dimensions is related with hard data, in other words, organization’s results. In order to analyze the operational management performance the *operational margin* has been selected. To make sure that the stockholder is being satisfied both, the *net margin* and the *net capital turns*, have been chosen.

As far as cash generation is concerned the *EBITDA* (earns before interests, taxes, depreciation and amortization) was selected as indicator. Finally, to check the effectiveness of the capital investments management, one of the two indicators has been chosen, namely *cash value added* (CVA) or *economic value added* (EVA).

In order to create an overall picture regarding results, their relative value, taken as reference the ideal scores for the business, should be considered and a simple average should be computed. Negative results received “0” as score, as well as performance indicators not computed. In the case of CVA and EVA it is necessary to consider at least one of them. Interviews with Financial executives were conducted to come up with a score for the variable Results (R), for each organization.

The advantage of the model is that it will lead us to compute what is called the *organizational differentiation index* (ODI) by multiplying the final scores for commitments (C) and results (R). This index shows the extent to which the organization besides presenting positive economic and financial results, is investing in intangible assets, as well as on their relations with the environmental aspects and with society.

This index varies from “0” to “1”. The maximum value means that the organization (imaginary company) reached perfection, as far as organizational differentiation is
concerned, it covers the total area of the bi-dimensional model. Figure 2 presents the conceptual framework of the model.

**Figure 2 – Organizational Differentiation Diagnosis Model**

The differentiated organizations score high in the organization differentiation index by pushing the value they offer stakeholders to new frontiers. They are “winners” in their segments.

At the other extreme are the “beginners”, businesses with differentiation indexes that conform to the basic behaviour of the segment.

The other alternatives are “sponsored” organizations meaning organizations scoring high in the commitments and low in results, and the “economic-financial” organizations, being those scoring low in commitments and high in results.

Figure 3 shows the graphic interpretation of the model, where the scores of six imaginary organizations (A to F) were plotted.

“A” is a winner organization, scoring high in both variables, typically a differentiated organization. Another advantage of using such a model is the fact that the scores in the closed instruments’ specific dimensions and on the results performance indicators may reveal significant room for improvements in both variables, commitments and results, as depicted in Figure 4, which shows a gap per considered dimension, leading to an action plan for putting the organization in a trajectory of evolution over the course of time.
Research Questions
The study sought to answer the following research questions:

1. How the practice of virtues, in the involved organizations, is perceived by their executives?
2. What is the predominant leadership style of the executives involved in the research?
3. What is the leadership effectiveness of these executives?
4. Is there a relation between the virtuous leadership and executives’ leadership effectiveness?
5. Is there a relation between virtuous leadership and organizational performance?
6. Is there a relation between executives’ leadership effectiveness and organizational performance?

METHODS AND PROCEDURES

Sampling
It has been randomly selected 400 executives involving 48 organizations operating in Brazil and South America, encompassing medium and large size ones. Most of them were organizations in the fields of consumer electronics, vehicles, health care, paper and packing, mechanical and electrical components, transportation and logistic, virgin media, telecommunications, white goods, service, energy, IT, super markets, clothes, shoes, graphics, departmental stores, office material, individual protection equipment, and cell phones. The majority of the executives were Brazilians (366) and some foreigners (34), being 142 females and 258 males with ages varying from 28 up to 55. The majority of the
sample were college degree (83%), some were high school degree (14%), and a few were post graduate degree (3%).

Data Gathering
In order to uncover the virtuous leadership index - VLI of each researched organization a Likert-type attitudinal measurement instrument was developed as shown in Appendix A. The instrument covered several aspects: vision, hope/faith, altruistic love, meaning/calling, membership, organizational commitment, and productivity. The Recurrence Table (Appendix B) shows the considered items per virtuous categories allowing the computation of the average score for each one of the seven virtues as can be seen in Table 2. The instrument was statistically validated in terms of items and reliability, being the general average rating per item across the respondents 2.43 (scale end points 1 to 4), and the instrument reliability was 82% (the split-half technique was used, Schmidt, 1975), considering in both tests only the validated items. The computation of the virtuous leadership index (VLI) has been done for each one of the researched organization, as can be seen in Table 5. The VLI, per organization, is computed dividing the general average of the approved items of the instrument per four (maximum of the scale) and multiplied per 100 having the results in percentage varying from zero to 100.

To measure the leader behavior the Situational Leadership Model has been taken into account and the LEAD (Leader Effectiveness and Adaptability Description) instrument, developed at the Center for Leadership Studies (Hersey and Blanchard, 1965), has been used. The three aspects covered by the model are: a) style, b) style range, or flexibility, and c) style adaptability, or leader effectiveness (LE). The LEAD self has been used, and it yields four ipsative style scores and one normative adaptability (leader effectiveness) score. This kind of instrument needs to be statistically validated in terms of items and reliability only once, because they have right answer per item (12 situations). According to the Center for Leadership Studies (Hersey and Blanchard, 1969), the 12 item validities for adaptability score ranged from 0.11 to 0.52, and 10 of the 12 coefficients (83%) were 0.25 or higher. Eleven coefficients were significant beyond the 0.01 level and one was significant at the 0.05 level.

The reliability of the LEAD self was moderately strong. In two administrations across a six-week interval, 75% of the managers maintained their dominant style and 71% maintained their alternative style. The contingency coefficients were both 0.71 and each was significant at the level 0.01. The correlation for the adaptability scores was 0.69 at the 0.01 level. The general average of style flexibility and style adaptability has been calculated (see Table 3 and 4), as well as the averages per considered organization of the Leadership Effectiveness (see Table 5).

In order to calculate the organizational differentiation index (ODI) per organization involved in the research the Organizational Differentiation Model (Bruno, 2006) has been used as explained before, and six closed instruments (see Figure 2) have been used to uncover the variable Commitments (C), and interviews have been conducted for compute the variable Results (R) for each organization (see Figure 2).

To check if a relation existed between the virtuous leadership index and leadership effectiveness, the linear correlation coefficient has been computed taking into consideration the set of paired data, involving the before mentioned variables, per organization.

To analyze a possible relation between the virtuous leadership index, per organization, and organizational differentiation, the ODI – Organizational Differentiation Index has
been calculated per organization, and, then the linear correlation coefficient was computed taken into consideration the set of paired data involving the before mentioned variables per organization, therefore the computation involved 48 pairs. The same procedure has been followed to verify a possible relation between the average executives’ leadership effectiveness per organization and the organizational differentiation index per organization.

FINDINGS AND ANALYSIS

In order to answer the first research question the average scores of the respondents were computed taking into consideration each one of the seven virtues orientations considered in the measuring instrument, as shown in Table 2.

<table>
<thead>
<tr>
<th>Virtues</th>
<th>Average Score (1 to 4)</th>
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<tbody>
<tr>
<td>Vision</td>
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</tr>
<tr>
<td>Hope/Faith</td>
<td>1.5</td>
</tr>
<tr>
<td>Altruistic Love</td>
<td>1.2</td>
</tr>
<tr>
<td>Meaning/Calling</td>
<td>1.5</td>
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<td>Membership</td>
<td>3.3</td>
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<td>Organizational Commitment</td>
<td>3.1</td>
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<tr>
<td>Productivity</td>
<td>3.6</td>
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Table 2  
Virtuous Leadership Profile of a Sample of Executives (N=400)

The Virtuous Leadership Index considering all 48 organizations together is 61% (general average/4 x 100 = 2.43/4 x 100). There is plenty of space to improve, once in the cases of opinion surveys a world class score would be ≥ 85%. On the other hand, Table 2 depicts that this sample of executives obviously values more highly Productivity, Membership and Organization Commitment ends than Altruistic Love, Hope/Faith, and Meaning/Calling. On the other hand, the results are in terms of group averages; individual executives may have responded differently from the group. In any way Table 2 shows a lack of balance in terms of executives’ personal virtuous profile, and, as a consequence, in their decision process they will value more highly the predominant ones.

To answer the two research questions regarding leadership the data were summarized in two groups: leadership style range or flexibility, and leadership style adaptability or leadership effectiveness.
Table 3 shows the profile of the executives sample regarding leadership styles.

<table>
<thead>
<tr>
<th>Style</th>
<th>Frequency Distribution (%)</th>
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</thead>
<tbody>
<tr>
<td>S1 – Telling</td>
<td>16.2</td>
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<tr>
<td>S2 – Selling</td>
<td>48.2</td>
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<tr>
<td>S3 – Participating</td>
<td>28.6</td>
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<tr>
<td>S4 – Delegating</td>
<td>7.0</td>
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</tbody>
</table>

Source: Research Data.

N= sample size

As depicted in Table 3 this sample of executives is perceived as using predominantly styles S2 - Selling and S3 - Participating. So they tend to do well working with people of average levels of readiness. However, they face difficulties to handle discipline problems and work with groups at low level of task maturity or readiness. This finding matches with the researches conducted by Hersey (2003) all over the world.

The results of leadership style adaptability, or leadership effectiveness are shown in Table 4. They have been grouped in quartiles covering a response interval from 0 to 36.

<table>
<thead>
<tr>
<th>Score Interval (scale end points 0 and 36)</th>
<th>Leadership Effectiveness Level</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>27 To 36</td>
<td>High</td>
<td>23</td>
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<tr>
<td>18 To 26</td>
<td>Moderate</td>
<td>370</td>
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<tr>
<td>9 To 17</td>
<td>Low</td>
<td>7</td>
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<tr>
<td>0 To 8</td>
<td>Very low</td>
<td>0</td>
</tr>
</tbody>
</table>

$X^2 = 874.78 > X^2_{crit.} = 11.3; df = 3; p \leq 0.01$

N= sample size

Source: Research Data.

As depicted in Table 4 the null hypothesis was rejected since the computed one-way chi-square of 874.78 was larger than the tabled (critical) value of 11.3 with three degrees of freedom at the 0.01 level.

As shown in Table 4 this sample of executives has predominantly a moderate level of leadership effectiveness. Only 5.8% of the involved executives showed leadership
effectiveness within the adequate scoring interval, in between 27 and 36. This result was expected in any way because, according to previous researches (HERSEY, 2003), people (subordinates) in work settings usually fall into moderate readiness level. In order to verify if there was a relation between virtuous leadership index and leadership effectiveness, a linear correlation coefficient has been computed taking into account the set of paired data, involving all the respondents per organization (average), being virtuous leadership index score one variable, and leadership effectiveness score the other; therefore the computation involved 48 pairs. Finally, to verify if there was a relation between: a) virtuous leadership index (VLI) and organizational differentiation index (ODI), per organization, and b) executives’ leadership effectiveness (LE) and organizational differentiation index (ODI), the linear correlation coefficients involving the set of paired data as follows: a) the VLI and ODI, b) the ODI and LE, were computed. Table 5 presents the computations regarding the 48 organizations involved in the research.

Table 5
Organizational Differentiation Index, Virtuous Leadership Index and Leadership Effectiveness Results

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</table>
O = Organization, C = Commitments, R = Results, VLI = Virtuous Leadership Index, LE = Leadership Effectiveness, and ODI = Organizational Differentiation Index
Source: Research Data.

The linear correlation coefficient was computed taking into account the set of paired data involving all the 48 organizations, being **virtuous leadership index** one variable, and **leadership effectiveness** the other. The result was a linear correlation coefficient of +0.71, which suggests, according to Schmidt (1975), a moderate to high degree of positive relation between the two considered variables. Additionally, **virtuous leadership index** being one variable and **organizational differentiation index** the other, the result was a linear correlation coefficient of +0.83, which suggests, according to Schmidt (1975), a high degree of positive relation between the two considered variables. Finally, the linear correlation coefficient was computed taking into account the set of paired data involving the 48 organizations, being **leadership effectiveness** one variable, and **organizational differentiation index** the other. Again the result was a linear correlation coefficient of +0.80, which suggests a high degree of positive relation between the two considered variables. **It must be noticed that only 6.25% of the researched organizations reached world class differentiation (ODI ≥ 0.49).**

**CONCLUSIONS AND RECOMMENDATIONS**

**Conclusions**
The following conclusions were reached based on the research:

1. The study has shown that the executives involved in the research have an unbalance perception regarding the practice of virtues within the researched organizations; and, even worse, the Virtuous Leadership Index considering all 48 organizations together is 61%. There is plenty of space to improve, once in the cases of opinion surveys a world class score would be ≥ 85%. On the other hand, Table 2 depicts that this sample of executives obviously values more highly Productivity, Membership and Organization Commitment ends than Altruistic Love, Hope/Faith, and Meaning/Calling, which are means to influence people to bring motivation from within, that is to say leadership. These findings can be partially explained due to the fact that the great majority of the executives of the sample (72%) belongs to the Generation X (ZEMKE et al., 2000), the survival generation with a casual approach to authority, and, on the other hand, the virtues practice, or spiritual intelligence, is associated with religions, which is somewhat “old-fashioned” for the majority of this generation. In any way this is the moment to face this problem. If we really want to have leaders with traits such as: responsible influence, people centered, showing coherence between attitudes and actions, and fecundity, that is to say, leading the process of assuring progress, than we need to work hard in order to develop knowledge for better understand and influence leaders’ personal values, attitudes and behavior.
2. The results of leadership style flexibility and leadership effectiveness lead us to the conclusion that this group of executives needs to receive training in terms of leadership skills, once they need to have more flexibility of styles and to be able to use the appropriate style depending on the situation. Previous studies (Hersey, Blanchard and Johnson, 2001) suggest that by having this new profile this group of executives will be able to lead their organizations towards better results.

3. Once the study uncovered moderate to high positive relation between executives’ virtues practice and leadership effectiveness, as well as, executives’ virtues practice and organizational differentiation (results), would be highly recommended in leadership development efforts to take into consideration a critical analysis on how to draw on one’s spiritual abilities and resources to better identify, find meaning in, and resolve existential, spiritual and practical issues, showing qualities of love, joy, peace, patience, kindness, goodness, faithfulness, hope, justice, humility, honesty, courage, perseverance and self-control; in short – virtues. As a consequence, society will have leaders with a more comprehensive view of the world, assuring, therefore, more appropriate decisions.

**Recommendations**

**General**

A certain number of initiatives should be taken to improve the development of leaders aiming at the establishment of a new society:

a) to address issues such as leadership in society’s educational efforts as from the early childhood in order to prepare the new generations for the responsible practice of a leadership primarily focused on people and their professional and personal needs;

b) the hour of choice is now; in order to assure that 2/3 of mankind, with poor quality of living, will receive a fast and effective attention from the leaders of today and tomorrow, we need to speed up the process of the democratization of the concept of leadership, that is to say, we need to make leadership accessible to people from all disciplines, all ages and everywhere; and

c) let all of us stimulate and support such organizations as the United Nations (UNESCO) and all the educational system worldwide in continuing to multiply and flourish in terms of projects and decisions towards the human society development, assuring convergence of the business world, the political institutions, and the civil society; however, we must realize that this will only be possible if all the parts involved are agreed on the basic values and purposes underlying their projects and decisions (actions) – true union (heart to heart) will be a must.

**Specific**

a) The samples used in the study were rather small, therefore any extrapolation from the results of the research must be done with caution.
b) Would be highly recommended in further studies of this nature to consider the perception of the operational employees regarding practice of virtuous within the organizations.

c) In future studies of the same nature a 360 degree appraisal, as far as leadership style, style flexibility, and leadership effectiveness are concerned, would be highly recommended.

d) Additional researches of the same nature involving bigger sample sizes and conducted in other cultures are highly recommended.
APPENDIX A
VIRTUOUS LEADERSHIP SURVEY

Objectives:

The objective of this survey is to measure your perception of the practice of virtues within the organizational environment.

Methodology:

The survey presents you with some statements that you must read very carefully and then choose only one of the possible alternatives as your answer, namely:

SA – I strongly agree: you totally agree that this statement represents the reality of your workplace.

IA – I am inclined to agree: you tend to agree that this statement represents the reality of your workplace.

ID – I am inclined to disagree: you tend to disagree that this statement represents the reality of your workplace.

SD – I strongly disagree: you totally disagree that this statement represents the reality of your workplace.

Results:

Results will be statistically analyzed later and then published.

Thank you very much for your help.

Please answer sincerely and rest assured that your answers will be kept in strict confidence.
1. I understand and am committed to my organization's vision.  
2. I have faith in my organization and I am willing to "do whatever it takes" to insure it accomplishes its mission.  
3. My organization really cares about its people.  
4. The work I do is very important to me.  
5. I feel my organization understands my concerns.  
6. I do not feel like "part of the family" in this organization.  
7. Everyone is busy in my working area; there is little idle time.  
8. My work group has a vision statement that brings out the best in me.  
9. I persevere and exert extra effort to help my organization succeed because I have faith in what it stands for.  
10. My organization is kind and considerate toward its workers, and when they are suffering, wants to do something about it.  
11. My job activities are personally meaningful to me.  
12. I feel my organization appreciates me, and my work.  
13. I would be very happy to spend the rest of my career with this organization.  
14. In my working area, work quality is a high priority for all workers.  
15. My organization's vision inspires my best performance.  
16. I always do my best in my work because I have faith in my organization and its leaders.  
17. The leaders in my organization "walk the walk" as well as "talk the talk".  
18. The work I do is meaningful to me.  
19. I feel highly regarded by my leadership.  
20. I talk up this organization to my friends as a great place to work for.  
21. In my working area, everyone gives his/her best efforts.  
22. I have faith in my organization's vision for its employees.  
23. I set challenging goals for my work because I have faith in my organization and want us to succeed.  
24. My organization is trustworthy and loyal to its employees.

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25. The work I do makes a difference in people’s lives. ☐ ☐ ☐ ☐ ☐
26. I feel I am valued as a person in my job. ☐ ☐ ☐ ☐ ☐
27. I really feel as if my organization’s problems are my own, ☐ ☐ ☐ ☐ ☐
28. My work group is very productive. ☐ ☐ ☐ ☐ ☐
29. My organization’s vision is clear and compelling to me. ☐ ☐ ☐ ☐ ☐
30. I demonstrate my faith in my organization and its mission by doing everything I can to help us succeed. ☐ ☐ ☐ ☐ ☐
31. The leaders in my organization are honest and without false pride. ☐ ☐ ☐ ☐ ☐
32. I feel my organization demonstrates respect for me, and my work. ☐ ☐ ☐ ☐ ☐
33. I feel very loyal to this organization. ☐ ☐ ☐ ☐ ☐
34. My work group is very efficient in getting maximum output from the resources (money, people, equipment, etc.) we have available. ☐ ☐ ☐ ☐ ☐
35. The leaders in my organization have the courage to stand up for their people. ☐ ☐ ☐ ☐ ☐
36. I feel a strong sense of belonging to my organization. ☐ ☐ ☐ ☐ ☐

Please check that you have answered all the statements!

Please write, in the space below, the remarks you believe are important.

_____________________________________________________________________________
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As we have already mentioned, your answers will be kept in confidence. However, it is important that you should define the area you work in.

Area:
APPENDIX B

RECURRENCE TABLE

<table>
<thead>
<tr>
<th>DIMENSIONS</th>
<th>STATEMENTS</th>
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<tbody>
<tr>
<td>1. Vision</td>
<td>1, 8, 15, 22, 29</td>
</tr>
<tr>
<td>2. Hope/Faith</td>
<td>2, 9, 16, 23, 30</td>
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<tr>
<td>3. Altruistic Love</td>
<td>3, 10, 17, 24, 31, 35</td>
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<tr>
<td>4. Meaning/Calling</td>
<td>4, 11, 18, 25</td>
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<td>5. Membership</td>
<td>5, 12, 19, 26, 32</td>
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<tr>
<td>6. Organizational Commitment</td>
<td>6, 13, 20, 27, 33, 36</td>
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<td>7. Productivity</td>
<td>7, 14, 21, 28, 34</td>
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</table>

Remark: The recurrence table above allows us to calculate the average points per dimension on the instrument by calculating the average of the averages per validated statement in the instrument. Points scale extremes are 4 (Strongly agree) and 1 (Strongly disagree).
REFERENCES


**Recommended Complementary Readings**


Stein, Z. (n.d.). *Preamble to a set of papers on myth busting, metric making, and refashioning the discourse about development in the integral community*. Harvard University Graduate School of Education. Received from Clint Fuhs, professor of OMD 662 at Fielding Graduate University.

Stein, Z., & Heikkinen, K. (n.d.). *On the epistemic topography of developmental psychology*. Harvard Graduate School of Education. Received from Clint Fuhs, professor of OMD 662 at Fielding Graduate University.


