

Durham Research Online

Deposited in DRO:

28 August 2014

Version of attached file:

Accepted Version

Peer-review status of attached file:

Peer-reviewed

Citation for published item:

Fernando, M. and Moore, G. (2015) 'MacIntyrean virtue ethics in business : a cross-cultural comparison.', *Journal of business ethics.*, 132 (1). pp. 185-202.

Further information on publisher's website:

<http://dx.doi.org/10.1007/s10551-014-2313-6>

Publisher's copyright statement:

The final publication is available at Springer via <http://dx.doi.org/10.1007/s10551-014-2313-6>.

Additional information:

Use policy

The full-text may be used and/or reproduced, and given to third parties in any format or medium, without prior permission or charge, for personal research or study, educational, or not-for-profit purposes provided that:

- a full bibliographic reference is made to the original source
- a [link](#) is made to the metadata record in DRO
- the full-text is not changed in any way

The full-text must not be sold in any format or medium without the formal permission of the copyright holders.

Please consult the [full DRO policy](#) for further details.

MacIntyrean virtue ethics in business: A cross-cultural comparison

Abstract

This paper seeks to establish whether the categories of MacIntyrean virtue ethics as applied to business organizations are meaningful in a non-western business context. It does so by building on research reported in (Moore, 2012) in which the application of virtue ethics to business organizations was investigated empirically in the UK, based on a conceptual framework drawn from MacIntyre's work (2007). Comparing these results with an equivalent study in Sri Lanka, the paper finds that the categories are meaningful but that there are both similarities to and considerable differences in the content of these categories from the UK study. The paper draws on aspects of institutional theory to explore and explain these findings. Overall, there is supportive evidence that the categories of MacIntyrean virtue ethics are generalizable, and so can be used to characterise problems of organizational virtue and vice around the world, while providing evidence that there may be polities which are more conducive to the 'practice-like conduct of production' (Keat, 2008).

Introduction

There has been considerable growth in recent years in the application of virtue ethics to business organizations. While much of this work has drawn on Aristotelian or neo-Aristotelian virtue ethics (Koehn, 1998; McCloskey, 2006; Sison, 2011; Sison and Fontrodona, 2012, Solomon, 2004; Tsoukas and Cummings, 1997, for example), there are alternative approaches such as those found in Mele (2009), Slote (1996, 2001) and Swanton (2003). In addition to empirical contributions, mainly from the Positive Organizational Scholarship field (Cameron, Bright and Caza, 2004; Palanski, Kahai and Yammarino, 2011; Rego, Neuza, Cunha and Jesuino, 2011), there are also attempts to integrate differing perspectives (Bright, Winn and Kanov, 2014, for example).

The focus of this paper is on neo-Aristotelian virtue ethics, and within this field contributions based on the work of the moral philosopher Alasdair MacIntyre have established a prominent place (Moore and Beadle, 2006; Beadle and Moore, 2011). This has led to a number of conceptual and empirical papers which either draw on or are more specifically situated within the conceptual framework MacIntyre offers (Beadle, 2013; Crockett, 2005; Van de Ven, 2011; Von Krogh, Haefliger, Spaeth and Wallin, 2012, for example). Dawson (2014) is novel in this respect, comparing MacIntyre with Slote.

Moore (2012) provides an empirical study that is based directly on the MacIntyrean conceptual framework which has been developed. That study was conducted in the UK on the health and beauty group Alliance Boots. More broadly, the body of work of which that study forms a part relates almost entirely to, and offers a generally critical appraisal of, organizations operating

under Anglo-American capitalism. However, it has been pointed out that other polities, such as the German horizontal coordinated market economy, may be more 'positively conducive to a practice-like conduct of production' (Keat, 2008, p. 83).¹ Hence, MacIntyre's critique of capitalism, which is directed at the Anglo-American form, may be less applicable elsewhere.

Thus, it is clearly important at this stage in the empirical and theoretical development of MacIntyre's conceptual framework, to provide further empirical evidence in polities other than the UK and USA, if we are to arrive at conclusions related to the general applicability of MacIntyre's work, and if we are to explore whether particular polities are, indeed, more (or less) conducive to the practice-like conduct of production. Hence was born the idea of repeating (though with some development) the UK study described in (Moore, 2012) in a different context.

The purposes of this paper, therefore, are two-fold. First, it is intended to ascertain whether the categories of virtue ethics, and specifically the MacIntyrean notions of virtuous purposes versus vicious ones, practices versus institutions and internal versus external goods, are meaningful in a non-western business context. For, if these categories are generalizable, this would enable the virtue ethics framework to be used to characterise problems of organizational virtue versus vice around the world, thus making such problems amenable to

¹ Keat (2008, p. 80-82) notes the patterns of share ownership, access to finance, form of corporate governance, consensual forms of management, cooperative relationships particularly with firms in the same industry (hence the 'horizontal' description above), the approach to training and apprenticeship, research and development conducted on an industry-wide basis, and competition based on quality rather than price as the key differences from liberal market economies typified by the UK and USA.

MacIntyrean normative solutions. Second, if this could be established, to explore whether there were differences in the content of these categories across cultures.

The location of the study reported in this paper is Sri Lanka, and this choice was justified on three grounds. First, the politico-economic, cultural and religious heritage (which is explored more fully below and in the discussion section), is markedly different from the UK and USA. Second, despite this, 'western' cultural influences are significant particularly on business organizations, and thus the opportunity was open to explore in particular the relative importance of national versus western business culture on business practice. Third, the first author was born, educated and worked in Sri Lanka and has good contacts into the business world there, hence making feasible research access which might otherwise have been difficult to obtain.

The paper proceeds as follows. First, a review of the literature is provided both to locate this study within its context of applied virtue ethics, and to summarise relevant aspects of institutional theory that also bear on this research. Second, the context of the study and the research methods employed are described. Third, the results from the Sri Lankan study are reported while at the same time making comparisons with the UK study. Fourth, a discussion ensues which explores the applicability of the categories of MacIntyrean virtue ethics and seeks to explain the similarities and differences between the findings of the two studies. Finally, conclusions are drawn, and limitations and areas for further research are identified.

Review of the literature

MacIntyre's conceptual framework

MacIntyre's conceptual framework as developed for organizational application is shown in diagrammatic form in Figure 1, and has been explored in detail elsewhere (Moore and Beadle, 2006; Moore, 2008, 2012). Virtues are 'dispositions not only to act in particular ways but also to feel in particular ways. To act virtuously ... is to act from inclination formed by the cultivation of the virtues' (MacIntyre, 2007, p.149). According to MacIntyre, virtues are exercised particularly inside practices and, through the pursuit of excellence, give rise to internal goods. In order to survive, however, practices need to be housed within institutions which are concerned with external goods. Thus organizations, in MacIntyre's terms practice-institution combinations, potentially contain a moral project – related to the practice(s) at their core – while also containing an inherent tension between the practice and the institution and, therefore, between the generation and prioritisation of internal and external goods.

Insert Figure 1 about here

Internal goods include both the excellence of products and the 'perfection'² of individual practitioners in the process (MacIntyre, 1994, p.284; 2007, p.189-90). The achievement of

² We might wish to limit this notion of perfection somewhat, to the development of the good character, or the flourishing, of individual practitioners.

these goods will always involve the exercise of technical skills but will also involve more and other than just the exercise and improvement of such skills; it will involve a conception of the relevant goods and ends that these technical skills serve (MacIntyre, 2007 p.193-4). As such, internal goods are goods which are valued *for their own sake*, rather than for the sake of some further good, and the judgment of their excellence is one that is made most notably by the practitioners themselves (MacIntyre, 2007, p.188-9), although external agents such as customers are also important in determining the appropriate standards of excellence (Beadle, 2013, p.685; Keat, 2000, p.128-9; Moore, 2012, p.380). In the context of the case study organizations that will be introduced later, the internal goods of the practice revolve in one case around the production and distribution of pharmaceutical products and in the other to the production of garments, the former having some similarities with the UK study of Alliance Boots where the internal goods revolved around the production and distribution of health and beauty products. Each of these practices has their own industry-derived standards of excellence, and each provides opportunities for flourishing that the practice offers to its practitioners.

By contrast, while internal goods are specific to the particular practice, external goods are generic and include survival, reputation, power, profit or, more generally, success. External goods are therefore always goods that we should desire *for the sake of some further good*, rather than for their own sake, and most notably should be desired for the access that they give to internal goods derived from the same or other practices. But external goods are still *goods*; success allows the survival of the institution while also enabling the continuing flourishing of the practice as resources are recycled, and potentially provides resources for

sustaining other practices from which practitioners may attain other internal goods. However, despite this potentially positive circularity, it is always possible for a particular individual or social group 'systematically to subordinate goods of the one kind to goods of the other' (MacIntyre, 1988, p.35), and we can infer from MacIntyre's critique that internal goods are normally those which are afforded a lower priority.

MacIntyre's description of institutions and their relationship with practices can be applied in almost any context. As MacIntyre himself illustrates, 'Chess, physics and medicine are practices; chess clubs, laboratories, universities and hospitals are institutions' (MacIntyre, 2007, p.194). The argument has been made (see Moore, 2012), *contra* MacIntyre's own critique of (Anglo-American) capitalism and, as noted above, his suspicion of the institutional accrual of external goods at the expense of internal goods (MacIntyre, 1994, p.286; 2007, p.227),³ that we can legitimately extend what he refers to generically as 'productive crafts' (MacIntyre, 1994, p.284) to business organizations by noting that at the core of any such organization (and organizations in general) there is a practice. The particular practice may be fishing, producing beef, or retailing; the entirely common feature, however, is that all such activities fall within MacIntyre's definition of a practice. Thus, firms like Alliance Boots, even when it had been taken over by a private equity firm with its strong financial focus on external goods, still demonstrated some understanding of the need to pursue excellence in its core practice over (financial) success (see Moore, 2012, p.379-80), and so seemed to retain more than just the vestiges of virtue. An important part of the argument, then, which respondents in

³ MacIntyre's position on this may have moved somewhat in recent years. During a seminar with him in May 2012 to discuss a draft chapter of a new book of his, he acknowledged that there may be admirable capitalist enterprises, but his suspicion is that they always, in the end, become captured by the 'system'.

the Alliance Boots study seemed implicitly to appreciate, is that unless the institution sustains the core practice(s) on which it is based, the organization itself (the practice-institution combination) will not survive.

One final element of the framework, and one of particular relevance to management (Beabout, 2012; Beadle, 2013; Moore, 2008), is the secondary practice of the making and sustaining of the institution – shown in Figure 1 by the smaller circle with the ‘P’ inside. This part of the framework will not concern us directly here, but there are two further elements, identified in Moore (2012), that are of importance to this paper. First, it was claimed there, and empirically verified, that a conceptual difference exists between organizational purpose on the one hand and the practice-institution distinction on the other. Organizational purpose, although often in a commercial context (mis)understood as financial success, may be defined, in MacIntyrean terms, as the extent to which the internal goods of the practice at the core of the organization contribute to the overriding good of the community. As Moore (2012, p.367) noted, this will require discussion as to what the community’s good is and how the organization’s internal goods contribute to it: ‘In contemporary societies our common goods can only be determined in concrete and particular terms through widespread, grassroots, shared, rational deliberation’ (MacIntyre, 2010).

The practice-institution distinction, however, relates not to the overall purpose of the organization, but to the pursuit of the two different kinds of goods explored above – the internal goods of the practice and the external goods that are pursued by the institution. It has also been noted that the terms ‘excellence’ and ‘success’ can be used as appropriate

substitutes (Crocket, 2005; Beadle, 2013, p.683) or shorthand for internal and external goods respectively, and that these are terms which resonate with those working in commercial organizations. Success, as noted, is related to the institutional pursuit of external goods such as survival, reputation, power or profit. Excellence is related to the core practice and the pursuit of internal goods – the excellence of the product or service and the ‘perfection’ of the practitioners in the process. Thus, success and excellence are conceptually distinct and, as Moore (2012) shows, the virtuous organization requires a correct balancing of the pursuit of each, with the emphasis being just on the side of excellence.

The distinction between these concepts is conveyed in Figure 2 (see also Moore, 2012, p.372) which shows purpose and success-excellence on different axes and locates virtuous and vicious organizations. The virtuous organization is not located at the top right corner of the map, as might initially be expected, but just on the excellence side of the success-excellence scale, though it obviously requires a good purpose to be counted as virtuous. A vicious organization by contrast would clearly have a bad purpose (in the sense that it could not be regarded as making a contribution to the community’s good) and, though it might most naturally pursue success, could potentially be located anywhere along the lower boundary of the mapping.

Insert Figure 2 about here

In the UK study of Alliance Boots this mapping was populated with empirical data resulting from the case study (see below where this is compared with the findings from this study). One advantage of the UK study was that it was able to trace the historical development of the

organization as, first, two separate organizations (Boots and Alliance Unichem), then as a merged organization (Alliance Boots), and finally after the organization had been taken over by a private equity firm. While such mapping over time might well be of interest to a particular organization by way of organizational analysis (Beadle and Moore, 2011), it is clearly not essential to using the mapping to identify the current position and likely future direction of an organization. Moreover, the mapping may be used to compare the locations and directions of different organizations – a point to which we will return.

Institutional Theory

At various points in previous papers, it has been noted that institutional theory may have helpful resonances with MacIntyre's conceptual framework, and particularly with the need for a conducive environment if organizational virtue is to be realised (Moore and Beadle, 2006, p.380; see also Beadle and Moore, 2011, p.103-104; Moore, 2012, p.365, 369). Institutional theory is, of course, predicated on the need for organizations to 'conform – at least in appearance – to the institutional norms of their environment' (Battilana and D'Aunno, 2009, p.35). In relation to this study, the most likely influential environmental factors were the impact of western business culture and the, possibly countervailing, national culture on Sri Lankan firms, and this study offers the opportunity to explore these and to contrast this with the UK study.

DiMaggio and Powell's observation of the 'startling homogeneity of organizational forms and practices' (1983, p.148) led to their identification of the processes of institutional isomorphism. However, Nelson and Gopalan have noted that, while organizations are subject

to isomorphic pressures, 'they also maintain boundaries, which distinguish them from their environment and provide a separate identity' – indeed, '[w]ithout such boundary maintenance, the organization will dissolve' (2003, p.1119). They also note the existence of 'reciprocal opposition' where organizational values and institutional forms are developed 'whose features form an inverse image of each other ... [t]he oppositional group adopts symbols and social structures that are the reciprocal opposite of those used by the dominant group' (Nelson and Gopalan, 2003, p.1120). This suggests that cultural influences may not be so defining of organizational culture as DiMaggio and Powell implied. And, indeed, in relation to the impact of national culture, Nelson and Gopalan's study across the USA, India and Brazil found only 20.5% of organizational cultures to be isomorphic with national cultures, with 24% being rejective / different from national cultures and the remainder – a small majority – being ambiguous (2003, p.1134-35 and see Gerhart, 2009, p.250-51).

Gerhart's (2009) study, which both reviewed Nelson and Gopalan (2003) and reworked findings from the GLOBE study (House, Hanges, Javidan, Dorfman and Gupta, 2004) of culture, leadership and organization across 62 societies, found, in the case of the GLOBE study, that 94% of the variance in organizational culture scores was not explained by national culture scores. Thus, 'national culture is meaningfully related to organizational culture, but not as strongly as has often been claimed and, arguably, not strongly enough for national culture to be a major constraint on organizational culture' (Gerhart, 2009, p.252). He concluded that organizations 'may have more discretion in choosing whether to localise or standardize organizational culture and related management practices than is suggested by conventional wisdom' (p.255). Thus, institutional theory's prediction of isomorphic tendencies may be

trumped by organizational discretion and a desire for differentiation. As Pache and Santos (2010, p.459) observe:

‘This requires moving away from a conception of organizations as unitary actors who are either passive recipients of ... or active resisters to ... external constraints, to a view of organizations as pluralistic entities shaped by (and potentially shaping) the institutional pressures they are subject to.’

In institutional theory’s terms, the mechanism by which such shaping becomes operative is the exercise of individual or organizational agency, typically referred to as an actor’s ‘ability to operate somewhat independently of the determining constraints of social structure’ (cited in Battilana and D’Aunno, 2009, p.45). Thus actors may be able to exercise agency that is rather less embedded (Battilana and D’Aunno, 2009; Seo and Creed, 2002; Thornton and Ocasio, 2008, p.103-4) than institutional theory has traditionally suggested. In MacIntyrean terms this would mean organizational practitioners who, while embedded in a practice, institution and industry, and also embedded within a nation and certain traditions, are able through the exercise of virtue to appropriately dis-embed themselves, at least to some extent, from such constraints, so as to create a more conducive environment and organizational culture through which the organization could flourish. This could reveal itself in ‘reciprocal opposition’, but could simply mean that organizations adopt their own cultures drawing on, but not determined by, any combination of the cultures to which they are subject. We will return to this in the discussion of the results.

This completes the review of the literature as it relates to the discussion that follows. We turn now to methodological considerations and related matters.

Methodological considerations, the study context, the case study organizations and research methods

Methodological considerations and the study context

The methodological position, justification for and limitations of conducting case study research were considered in Moore (2012) and, for reasons of space, are not repeated here. The methods were also described there and consisted principally of in-depth interviews, although additional documentary evidence was incorporated as necessary. These methods, as applied to this study, are described further below.

In the Sri Lanka study, the data were collected from participants living and working in the capital of Sri Lanka, Colombo, and other urban towns in the south west of the country. With a population of 21 million, the island is home to several ethnic and religious groups (see Table 1).

Insert Table 1 about here

When Sri Lanka gained independence in 1948, the British handed over power to a form of state capitalism. 1977-2005 represented the golden age of capitalism in Sri Lanka: with the liberalisation of the economy, foreign direct investment flowed into the country and there was a move towards privatizing state corporations. However, national development came hand in

hand with exposure to alien western rituals and habits. The dichotomy between the spirituality of the east and the material west was a major cause of concern (Lynch, 1999). Nevertheless, development and progress was thought to be necessary but required to be balanced with Sri Lankan spiritual and moral values: 'economic viability is only the outer rind of a society while virtue and morality forms its inner core' (Tennekoon, 1988, p.301).

Since 2005, the state has once again become a major player in the economy. There is greater state control with political appointees in key enterprises representing the state's interests, though not in the two Sri Lankan case study firms reported here. Within this politico-economic climate, successive governments also had to face a call for an independent state by various minority Tamil groups. In the 1980s, this call escalated with the separatists waging a war for independence in the north and east of the country which ended only in 2009.

In the midst of these national challenges as well as the changing world economic conditions, successive governments achieved a GDP growth of above 5% from 2003-2012 with the exception of 2009 (Central Bank of Sri Lanka, 2013). In 2012, the per capita income was US\$2,923 and is estimated to grow to US\$4,000 by 2016, while the economy is expected to grow to US\$100 billion (US Department of State, 2013). Overall, then, investor and business confidence was high when the Sri Lankan interviews were conducted during December 2010 and January 2011.

The case study companies and research methods

Two companies took part in the Sri Lankan study. One required anonymity as a condition of participating and it was decided to treat both companies in the same way. Company A is the local subsidiary of a global pharmaceutical company (and hence, by operating in the healthcare industry, has some similarities to Alliance Boots). While ownership details cannot be revealed, suffice it to say that Company A's parent company is stock-market listed and subject to the usual constraints of the financial markets. Company B is a garment manufacturing company operating in the highly competitive apparel industry and is locally owned. The choice of companies was, within the limits of obtaining access, deliberate in anticipation of similarities to and differences from the health and beauty wholesaler and retailer Alliance Boots, as well as the possibility of similarities and differences between the two Sri Lankan companies. The two companies are typical of Sri Lankan enterprises but there is, of course, no claim of representativeness of the Sri Lankan economy as a whole.

Interviews were the main method of data collection, and were conducted by the first author. In Company A, 11 interviews were conducted, and eight in Company B. Both sets involved respondents across various hierarchical levels from managing directors / CEOs to executives and factory floor staff, as well as across the functional areas of Human Resource, Corporate Social Responsibility, Brand Management, Finance, Production, Sales and Public Relations. Respondents included those who had a significant influence on shaping the strategies and culture of the companies. Interviews were audio recorded and later transcribed. Two interviews were conducted in Sinhalese and responses were later translated into English by the first author. Rather than aiming for conceptual equivalence where real meanings can get lost, in the translation and retranslation process, the first author sought to achieve the more

acceptable dynamic equivalence of words. This approach is used to ensure that when translating, the most natural meaning is captured (Nida, 1969). It is perhaps the most frequently used approach to understand equivalence among translation theorists (Munday, 2008). This approach complements the qualitative data collection methods and analysis as well as the sociolinguistic context of Sri Lanka, where most urbanised Sri Lankans mix English and Sinhalese in speech (Senaratne, 2009). As a competent bilingual native of Sri Lanka with experience of employing the process, the first author aimed to reproduce the message from the source language to the target language in the most natural manner. The interview quotes are identified with a respondent acronym (e.g. A3).

Crockett's (2008) work using MacIntyre's framework suggests that in order to conduct empirical research, MacIntyre's terms need not transliteration but translation. According to Moore (2012), however, one of the terms that needs little translation is to do with organizational purpose – as noted earlier, good purpose is one of the key features of a virtuous business organization. To elicit relevant responses to this feature, questions were asked of participants on the mission and purpose of the organization, whether these had changed over time and, if so, the causes. Finally, the participants' view of their organization's purpose was examined by asking respondents to place the organization's purpose on a scale of -10 (e.g. a concentration camp) to +10 (e.g. a charitable organization).⁴

⁴ This quantitative exercise was an advance on Moore's (2012) study, but one that was identified in the limitations therein.

In order to explore the issues relating to practice and institution, and internal and external goods, Crockett's (2005) exercise was employed – see Figure 3. This was a direct repeat of the exercise used in Moore (2012, p.370-71) but is described here almost verbatim for convenience. The exercise uses terminology familiar in business but which, as noted above, is shorthand for MacIntyre's notions of internal (excellence) and external (success) goods. The exercise works by first (#1) asking the respondent to give some words or phrases that describe what it would mean for the organization to be excellent. The terms were jotted down on a piece of paper. Secondly (#2), respondents were asked how their organization measures success. A list was similarly jotted down. A see-saw balance was then drawn and respondents asked to score the present balance in the organization on a 1-10 scale (#3). This forced respondents to make a choice between success and excellence (e.g. 6-4 or 3-7). It could be argued that this is a zero-sum game, and an alternative would be to allow scoring of, say, up to 10 on each dimension (e.g. 9-8 or 3-10). The reason for the scoring system that was employed derived from the theoretical framework described above which speaks of achieving a balance in the pursuit of internal and external goods. The danger of a free choice was that respondents would not focus on the issue of balance and scores approaching 10-10 might well have been a frequent outcome. Having to allocate between success and excellence (although allowing for a tied 5-5 result if appropriate) forced the issue. It was also, of course, necessary to follow the earlier study in this regard so that comparisons could be made.

Insert Figure 3 about here

Further, respondents were asked what they thought the scoring for an ideal organization (any business organization) would be (#4). Having completed this quantitative exercise, respondents were asked what they thought about correlation and causation (#5) – ‘What is the relationship between these two? Does excellence lead to success or success to excellence or are they unrelated?’

The interview data were analysed using the constant comparison method (Haig, 1996). This approach aims to inductively detect themes and patterns in the data, and develop concepts out of these patterns. The first author compared each key phrase, sentence or paragraph with other transcripts with the purpose of identifying consistent themes in the interview data. The rigour of this data analysis is enhanced when the data collection is repeated and compared from different sources (in this study, media reports and company documents which provided background information) and cases (each respondent account was checked against other accounts from the same company and against the other Sri Lankan company); is checked by conversations between researchers (see below); and compares the set of generated data against concepts developed from earlier observations (i.e. from the interviews conducted in the previous study) (Glaser and Strauss, 1967).

The constant comparison method generates indicators of patterns and a repetitive story line, or otherwise outliers and a different story line. Questioning the data from the start to the end brings a high level of validation (Eisenhardt, 1989). The first author during and after conducting the interviews in Sri Lanka communicated regularly with the second author who had earlier conducted similar interviews with Alliance Boots employees. The results of the data analysis

were checked by the two authors through several iterations. This step ensured, for example, that the resulting success-excellence terms were accurately and consistently analysed in the study.

Results, comparisons with previous findings and preliminary discussion

Organizational purpose

In the Alliance Boots' study (see Moore, 2012), the primary purpose of the organization was around healthcare, and that this led to an emotional reaction from both employees and customers suggested that there was a genuine link to the common good. But countervailing evidence suggested that organizational purpose was focused around retailing and being customer-led, and some respondents saw the purpose as contributing to the financial success of the organization, rather than the common good of the community. Views about whether the purpose had changed since the merger also led to divergence, alternative purposes being that it was becoming more pharmacy-led (i.e. a greater focus on healthcare), or that it was focusing on combining health and beauty.

In the Sri Lankan study, quite marked differences emerged in the understandings of organizational purpose between the two companies. These differences are borne out in the respondents' descriptions of their organizations' purposes with nearly all Company A respondents demonstrating a clear awareness of the company's mission and purpose, highlighting the benefits of pharmaceutical research and discovery. For the purposes of

anonymity, the actual mission statement cannot be given, but a single quote will suffice to give the sense of organizational purpose:

‘Everything we do is to improve the quality of human life.’ (A10)

Company B respondents, while also positive about the purpose of their organization, were less able to articulate such a high purpose perhaps due to the nature of its core business. Similar to Alliance Boots, Company B’s focus is heavily reliant on a retailer and customer focus:

‘We become profitable only when the customer is overjoyed. So we try to give the right solution at the right time by understanding their needs ... We now have the ability to deliver within seven days of receiving an order.’ (B1)

The timing of the interviews could be one reason for Company B respondents being less coherent and unified in their responses about the organizational purpose of their company. At the time of the interviews, Company B was in the process of revising its mission statement:

‘Up to now our purpose has been to be the inspired solution in the industry. In 2010, we have adjusted our mission a little; we have injected speed, innovation and passion. Those are the three elements we will be focusing on.’ (B1)

However, the majority of respondents in Company B understood its organizational purpose as being centred on people, whether in the form of customers or employees:

‘[CEO] wants us to be very close to the customer, to be able to understand the customer. He is constantly saying we have to deliver ... even if the environment changes, and the speed at which it changes, he expects the company to respond to that speed, without having very rigid systems.’ (B3)

‘The foundation of the company is the machine operators. If they stop working then we don’t have a company. Our core business is done by them. They are the priority in everything; they are the ones who have to be looked after.’ (B2)

There is, however, evidence here of conflation between purpose and success, with respondents describing mechanisms for success (focusing on speed, customers and employees) rather than what the company actually exists for.

In relation specifically to the contribution to the community’s good, most Company A respondents commented on building and safeguarding trust with its stakeholders:

‘... because our purpose statement is very strong If we look at the values we have, whatever we do, we ensure that what we do is right for our patients or customers.’
(A3)

Company B respondents identified how their company contributes to the community through the provision of employment at low fixed investment capital, attraction of foreign exchange to the country and low levels of environmental pollution. For example:

‘In this part of the world, this industry is a tough industry to be in. We can create a job with low fixed investment capital and when you see the trickle-down effect, we are fulfilling our purpose, as long as we conduct ourselves properly. This industry has been known for a lot of abuse. We have over 30,000 people now and we try our best to have [welfare] programmes.’ (B1)

Some of the differences in organizational purpose between the Sri Lankan companies may be attributed to the varying types and levels of changes impacting each company. Internally, Company A’s culture has changed markedly since 2008 due to the open, transparent but also aggressive approach followed by the top management. This was strongly conveyed by most functional heads of the company. From a research and development perspective, for example, prior to 2008 the company protected such projects and made these public only after new products were ready for market. Now external institutions such as universities are actively sought by the company for research and development collaborations. A key cultural change has been in the area of transparency:

‘There have been drastic changes in the transparency area. Three years back, when we were audited by our company, we would tell the auditor what they should know. Now

we have a total disclosure culture. We think of the Johari Window. Things I know, things the auditor will know, things both of us will not know.’ (A9)

This is suggestive of an organizationally-permitted dis-embedding of agency – that individual actors are given greater licence to exercise their own agency – a point to which we will return. However, since 2008, Company A has also been more aggressive. For example, the traditional marketing channel of working through the medical practitioners has been expanded to include direct marketing. Not all respondents from Company A agreed that the new culture is good for the company and its people. Some held reservations on over-reporting and monitoring of processes and outcomes, and how demotivating these could be for those people who are in charge of such processes. These responses, however, were more to do with how the organization does its business than its purpose and are therefore located on the success-excellence axis in Figure 2.

While Company A, operating mostly in the local Sri Lankan market, was enjoying some level of stability after going through changes in 2008, at the time of the interviews Company B was, by contrast, battling with rapidly changing external environmental conditions to compete in the generally turbulent global apparel market:

‘When I started at [Company B], the customer portfolio was quite big. We had 16 customers. [Company B] then was strategising and we looked at its best customers in terms of revenue. So going narrow and deep was the first strategy—to concentrate on our six major customers.’ (B3)

While Sri Lanka's local market was not affected much by the global financial crisis, Company B, due to its dependence on western markets, had to resort to austerity measures to ensure the survival of the company:

'All the senior heads took a salary cut. We took a salary cut, for about a year, so that [junior employees'] salary could be paid and their bonus payments could be made.'

(B2)

Again, in relation to the dis-embedding of agency, there is circumstantial evidence here of a somewhat surprising level of individual agency, though perhaps operating at group level with associated peer pressure to conform.

Another unexpected political factor that challenged the survival of the company's market leadership globally was the removal of the Generalised System of Preferences (GSP) by the European Union in August 2010, due to the alleged human rights abuses of the Sri Lankan government. With the withdrawal of GSP, Sri Lanka apparel became 10% more expensive in the global apparel market:

'We fought tooth and nail to retain the GSP which was a great benefit. Actually we felt that the wings will fall off after the GSP withdrawal. But fortunately for us, and fortunately for the country, geopolitically lot of changes happened. Funnily, two months after the withdrawal, our export numbers are going up. China became

expensive, Bangladesh became expensive and the sudden growth in Bangladesh became too much. So the overflow came here. Major new buyers like H&M are now coming to Sri Lanka because there are no [other] factories to place orders [with].’ (B1)

While the recovery of Western markets from the effects of the global financial crisis would have also contributed to the growth of sales in Sri Lanka despite the GSP withdrawal, the cutting edge eco-friendly manufacturing processes of Company B could also have motivated western buyers to maintain their orders with the company. By implication, the more favourable trading conditions would have reduced the need to focus to such an extent on external goods and success. Again, however, respondents’ comments relate to the ability of the organization to survive, and hence to the achievement of success, rather than to any changes in organizational purpose.

What becomes clear from the interviews is that, in a similar manner to the Alliance Boots’ study (see Moore, 2012, p.376), there is some conflation across terms like mission, purpose and vision, but most respondents did appreciate the idea of organizational purpose and were able to identify a relationship between purpose and the community’s good. Like the Alliance Boots’ study, this suggests an ability among respondents to frame the moral purpose of the enterprise in a way that does not value its internal goods only for the external goods they produce. The primary purposes of the organizations were around healthcare (Company A), and the provision of branded clothing (Company B). These contributed to the community’s good directly in the case of Company A and more indirectly in the case of Company B particularly via its focus on people.

The changes that the companies were experiencing were not in relation to their purpose (unlike Alliance Boots) but to their balancing of success and excellence. Thus for Company A, top management's demands over transparency and aggressive marketing were tending to cancel each other – an interesting example of increases in both excellence and success resolving into the same position as far as balance between the two is concerned. The increased transparency in relation to the intellectual capital of the organisation and with the firm's auditors suggests that this was a genuine pursuit of excellence rather than a mechanism for increasing managerial control, although there is, of course, always the possibility that respondents had become so habituated to their condition (Braverman, 1974, p.139ff) that they were unable to see the effect of power-based authority and so were 'acquiescing in their own domination' (Clegg, 2010, p. 6). The critical response of some respondents to the increased transparency, however, suggests otherwise. Aggressive marketing, on the other hand, suggests a greater focus on success. For Company B, environmental factors threatened survival and so there was an inevitable focus on success.

As noted, one addition that was made to the Alliance Boots' study was to invite Sri Lankan respondents to score their organization's purpose on a -10 to +10 scale. This was a self-report, and therefore might be expected to give high scores, and did indeed give average results of +7.7 for Company A and +6.5 for Company B. The scoring does, however, reflect respondents' views in the interviews with Company A having the more obviously good purpose; the difference between the two scores being statistically significant ($p < .05$).

Success-excellence exercise – qualitative findings

Following from the discussion of success-excellence issues above, in the specific success-excellence exercise responses from Company A and B were first compared then their results combined into 'Sri Lanka combined' figures and comparisons made with Alliance Boots. These are shown respectively in Tables 2 and 3.

Insert Tables 2 and 3 about here

The first point to note is that in almost all cases the terms that the Sri Lankan respondents used could be categorised under the same headings as had emerged from the Alliance Boots' study. Thus, notions of success and excellence had very similar resonances for both the UK and Sri Lanka study. Given that respondents had been able to speak reasonably intelligibly about organizational purpose, this additional finding further supports the contention that the categories of MacIntyrean virtue ethics are meaningful in a non-western business context. This is a substantive point and so we will return to this in the discussion.

The second point to note, however, is that some of the same terms occur in both the success and excellence tables. Some respondents looked troubled and inquired whether they were 'correct' in duplicating key phrases under both excellence and success. This was also the case in the Alliance Boots' and Crockett's (2005) studies and led to a discussion as to whether success and excellence (and hence internal and external goods, and practices and institutions) were conceptually distinct, the conclusion being that they were (see Moore, 2012, p.379). The explanation for this was that, to take one example, the internal good of providing customers

with excellent products and services is genuinely an internal good for which excellence may be pursued for its own sake. However, satisfied customers purchasing excellent products may well also lead to the external good of the financial success of the organization, which in turn allows the organization to survive and the practice to flourish. Thus, terms may appear under both success and excellence without affecting the fundamental distinction between the practice and the institution, and between internal and external goods.

There, however, the similarities between the two studies end. In comparing the last two columns of each table it is noticeable that there are considerable differences between the frequency of occurrence of some of the more significant terms. However, it is also noticeable that there are similarities between the two Sri Lankan firms. An initial statistical analysis was conducted to compare the sets of results as a whole. These Chi-squared tests demonstrated that there were no statistically significant differences between Companies A and B on the distribution of either the success or excellence terms. However, when comparing Companies A and B separately, and in combination, with Alliance Boots, there were statistically significant differences in all cases ($p < .01$) for both the success and excellence distributions. Thus, the first significant finding is that the Sri Lankan companies are similar to each other and that both companies are different from Alliance Boots in what success and excellence mean for them.

Given the earlier discussion of the forces imposing on organization culture, it might initially have been thought that Company A, the subsidiary of a global pharmaceutical company, would have been different from Company B, the local garment manufacturer, and similar to Alliance Boots – in other words that business culture as dictated by global firms would trump national

culture and impose itself on organizational culture. Alternatively, it might have been thought that business culture would trump national culture so conclusively that no differences would be found between any of the firms. That neither of these proved to be the case is worthy of note and is discussed more fully below.

Employing two-tailed Welch's t-tests (Welch, 1947)⁵ to conduct more detailed analysis of variations between terms revealed the results shown in Tables 4 and 5. These confirm the similarities between the two Sri Lankan companies, the only result of note being that, in relation to the success terms, *Trusted* showed a statistical difference with Company B respondents regarding this as more important to them in measuring success than Company A respondents.

Insert Tables 4 and 5 about here

In relation to differences between the Sri Lankan companies and Alliance Boots, for success the following terms showed a statistically significant difference: respondents for the Sri Lankan companies both individually and in combination regarded *People* as more important to them in measuring success, while Alliance Boots respondents regarded *Financial* as more important. Company B respondents regarded *Trusted* as more important than Alliance Boots respondents, while Alliance Boots respondents regarded *Brand* and *CSR* as more important than Company B respondents.

⁵ Welch's t-test takes account of small samples where there are different population variances. In comparison with the more frequently used Student's t-test, this produces p-values which are marginally more conservative.

For the excellence terms, in a similar manner to success, respondents from the Sri Lankan companies, both individually and in combination, regarded *People* as more important to them. However, Alliance Boots respondents regarded *Customers* and *Product* as more important than the Sri Lankan companies. Alliance Boots respondents also regarded *Environment* as more important than Company A respondents and *Suppliers* as more important than Company B respondents.

These results suggest a fundamentally different way of 'doing business' between Sri Lanka and the UK. While Alliance Boots focuses on financial measures in relation to success, and on customers and product in relation to excellence, the Sri Lankan companies focus on people and being trusted in relation to success, and on people again in relation to excellence. Reasons for these differences are discussed further below. It should be noted, however, that Alliance Boots' focus on customers and product in relation to excellence is potentially virtuous. This is to say that in MacIntyre's framework, as noted above, internal goods relate both to the excellence of the product or service and the 'perfection' of practitioners in the process. But the extension of MacIntyre's work suggested by Beadle (2013) and Keat (2000) (noted above and discussed more fully in Moore, 2012, p.380) also includes customers. Keat, in particular, has argued that those who are the beneficiaries of the outputs of the practice – in this case the customers who purchase the goods – may well be excellent judges of such output, and that they do, in some sense at least, determine the standards of excellence in the practice (2000, p.128-9). Thus, it is not simply the case that the Sri Lankan companies appear to be more

people-oriented while Alliance Boots appears to be more financially-oriented and that virtue is therefore all on one side. We will also return to this point below.

In relation to the question concerning causal direction in the success-excellence exercise, most respondents felt that excellence led to success:

‘I would think that excellence leads to success. If you are doing the right things, you need to get the right results. Excellence is doing the right things, having the right people. A lot is to do with doing the right thing from the business perspective. Success is meeting objectives.’ (A7)

‘I believe excellence will lead to success. Excellence is a kind of a broader term, it is like your character, it is like roots. If you have your roots correct, then you will get your branches and everything right. I have to give more emphasis to excellence, which will anyway generate my success.’ (A3)

‘They go hand in hand. Success depends on excellence. That is profits depend on excellence. Success is the final result, outcome.’ (B3)

‘Excellence directly leads to success. If you are excellent in doing something you will be successful.’ (B2)

Some respondents were of the view, however, that excellence is a too distant goal that organizations could only strive to achieve, a point which relates to MacIntyre's notion of the systematic extension of standards of excellence within his definition of a practice (MacIntyre 2007, p.187):

'Excellence is something that you do not achieve, but you strive for. It will keep lifting you higher and higher, to be more effective, efficient and giving better solutions, achieve greater results. It is a sense of impatience, you succeed in something and that is not the end.' (A2)

One of the respondents provided the following insight.

'Success is outcome and excellence is the process. You do not compromise your process, to achieve your outcome. If you develop your process correctly, the outcome will come but you need to define your success beforehand ... Once you have defined what success looks like, lock that up, and then focus around executing something excellently.' (A1)

There were, however, other respondents who thought that the relationship between success and excellence was reversible, or that the relationship was rather complex:

'Excellence lead[s] to success, but it can actually work the other way too.' (A5)

‘I think success probably comes before excellence. Success gives you a huge motivation to take it beyond. It becomes very tough when you don’t have success first.’ (A2)

‘I would say excellence drives success. Excellence leads to success, vice versa as well.’
(B5)

‘You could be excellent at something, but you may not be successful. You may be successful but you may not have achieved it through excellence.’ (B4)

These findings mirror to some extent those in the original Alliance Boots’ study (see Moore, 2012, p.380). There is evidence here (noting that this is *within* the same practice-institution combinations) that respondents understood (albeit implicitly) that the relationship between excellence and success, (and thus between internal and external goods and between the practice and the institution) is a complex one. However, generally respondents recognised the priority of internal over external goods – excellence precedes success – and hence, in theoretical terms, of the practice over the institution. But they also recognised the complexity of this relationship, indicating that there was not necessarily direct causality and, indeed, the possibility of reverse causation. There is, therefore, further empirical evidence in support of what was previously identified theoretically as the ‘essential but complex circularity between internal goods and external goods’ (Moore, 2012, p.380). This is explored further in the discussion section below.

Success-excellence exercise – quantitative findings

The overall scoring of success and excellence for the organizations currently, and as combined for the Sri Lankan companies and in comparison with Alliance Boots, and in relation to the ideal, are shown in Table 6, which shows success scores (excellence is 10 minus success).

Insert Table 6 about here

These results show that all companies individually recognise that the ideal is on the excellence side with success scores below 5.0, giving further confirmation of the theoretical position outlined above. For their current position, however, an interesting difference emerges, with the Sri Lankan companies responding that they *are already* below 5.0 and close to their ideal, while Alliance Boots respondents reckoned their score was *well above* 5.0, and was found in the previous study to be significantly different from their ideal ($p < .01$). Alliance Boots' current average is also significantly different ($p < .01$) from Company A's and the Sri Lankan companies' combined.⁶ This result provides confirmatory quantitative evidence of the difference between the firms, with Alliance Boots being significantly more success oriented than either of the Sri Lankan firms. There is also some similarity here with a particular finding in the previous study. There, a comparison of the responses from UK versus continental European respondents found that the latter were considerably more excellence-oriented (Moore, 2012, p.381-82). This is suggestive of a further measure of dis-embedded agency on the part of practitioners in both Sri Lanka and continental Europe, offering reciprocal opposition to prevailing western business culture. We will return to this in the discussion below.

⁶ This analysis also uses Welch's t-test.

Combining all these results, the virtue mapping for the three organizations is shown diagrammatically in Figure 4. Given the lack of a quantitative test for Alliance Boots' purpose, this is drawn without scales. It is apparent from this that Sri Lankan companies see themselves as more virtuous than Alliance Boots, although the directions of movement suggest Alliance Boots is heading both towards a better purpose while also becoming more success oriented whereas, for the two Sri Lankan companies, their purpose was not changing while Company A appeared to be static on the success-excellence axis (transparency cancelling out aggressive marketing, as noted above) and Company B moving towards a greater emphasis on success as the business environment became generally tougher.

Insert Figure 4 about here

Discussion

The question as to whether the categories of modern virtue ethics, and specifically the MacIntyrean notions of virtuous purposes versus vicious ones, practices versus institutions and internal versus external goods, are meaningful in a non-western business context, receives a positive answer in the findings from the Sri Lankan study. Thus, respondents from both companies were able to relate to the concept of organizational purpose, to evaluate how the organization's purpose related to the common good of the community, and provided terms for success and excellence which could be categorised in the same way as in the Alliance Boots' study. Hence, the generalizability of MacIntyre's conceptual framework to politics and business organizations beyond the UK and USA, finds support. While clearly further empirical work would need to be conducted to extend this finding, the significance of this is that it

potentially enables the virtue ethics framework to be used to characterise problems of organizational virtue versus vice around the world, thus making such problems amenable to MacIntyrean normative solutions.

It is worth commenting briefly on the complex, circular nature of the relationship between excellence and success which emerged from these findings, confirming those in the Alliance Boots' study. The distinction between the two, and hence between internal and external goods, is theoretically fundamental if both individuals and communities are to pursue the common good and not to systematically 'subordinate goods of the one kind to goods of the other' (MacIntyre, 1988, p.35, cited above). Respondents seemed, albeit implicitly, to acknowledge this in their discussion both of success-excellence terms and the relationship between the two, and so provided further confirmation of the theoretical position outlined above.

The notion of balance has been employed to emphasise that there is a continuous choice to be made between the pursuit of internal versus external goods, while recognising that both are, of course, *goods*. However, the evidence here suggests that the Sri Lankan firms achieve this balance to a greater extent than Alliance Boots. Why might this be so? The key findings here relate to the difference in the way of 'doing business' in Sri Lanka compared with the UK; the Sri Lankan firms appear to be more excellence oriented. They therefore appear to offer a model for doing business that is more virtuous and more 'positively conducive to a practice-like conduct of production' (Keat, 2008, p. 83, cited above), though we should also note the discussion above concerning the priority which Alliance Boots gave to excellence in relation to

customers and product. While now, with the benefit of the broader analysis, including respondents' own assessment of the extent to which their organizations prioritised success or excellence, we may wish to give rather less weight to Alliance Boots respondents' claims concerning their pursuit of excellence in relation to customers and product, it nonetheless remains the case that Alliance Boots appears to be more virtuous in these respects.

The differences that exist between the companies nonetheless require explanation. In particular, we need to look for reasons as to why the two Sri Lankan firms are so similar to each other and are so different from Alliance Boots. The key differences between the Sri Lankan companies and Alliance Boots are, as noted, highlighted in the *People, Financial, Customers* and *Product* dimensions. Companies A and B in Sri Lanka seem to prioritise the softer people-related values while Alliance Boots prioritises harder values, in particular in relation to financial results but also their product and customer focus. The obvious place to look for an answer is in relation to business culture in Sri Lanka and the influences upon it.

Compared to the West, researchers have identified several unique attributes of the Sri Lankan business culture. These include, the dominance of 'soft' management aspects such as loyalty, trust, co-operation, compassion, tolerance, morality and empathy over 'hard' measures such as profit, sales or return on investment (Kumarasinghe and Hoshino, 2010; Wijewardene and Wimalasiri, 1996); the importance of the affiliation need as much as the need for achievement (Carter, 1979; Ranasinghe, 1996), resulting in a higher level of regard for other's welfare and, therefore, a need to accommodate others in the decision-making process; a strong work ethic (Batten, Hettihewa and Mellor, 1999; Niles, 1994); dedication to the task, long-term business

ambition, commitment to quality and personal attention to customers (Ranasinghe, 1996); belief that hard work leads to success but considered only as a means to an end (Niles, 1994); recruitment to local firms mostly from family and trusted friends (Ranasinghe, 1996); and the pervasive influence of Buddhism on national culture, developing social attitudes such as philanthropy (Nanayakkara, 1997). It is possible that the 30 years of the separatist war could have impacted on the above-mentioned attributes of Sri Lanka's business culture. However, as the war was geographically limited to the north and the east of the country, the city of Colombo's commercial operations in the south west were largely unaffected and business continued as normal; no reference was made to the war by respondents.

As noted above, one reason for the dominance of 'soft' values in Sri Lankan management practices could be due to the influence of religiosity on the national culture (Carter, 1979; Jones, 1997). Religion impacts almost every aspect of the modern Sri Lankan society. In prominent Sri Lankan business organizations, it is common to see religious ceremonies being conducted to usher blessings on new business ventures and recruitment of key personnel and other key business events. Out of the major religions practised in the island, Buddhism deserves attention here due to its popularity and the pervasive influence on the national culture. Since its introduction in 247 BC, only a Buddhist had the legitimate right to be the king of the country (Rahula, 1993, p.62). Over the years, Buddhism has evolved to be the highest ethical and philosophical expression of the majority Sinhalese culture and civilization (see Table 1 above). The link between religion, culture, language and education and their combined influence on the national identity has been an age-old pervasive force for Sinhalese Buddhists (Tambiah, 1992).

The Theravada Buddhism (*the doctrine of the elders*) practised in Sri Lanka includes the ideal that wealth alone should not be a life goal, and thus the accumulation of wealth is negatively perceived (Kumarasinghe and Hoshino, 2010). The practise of *dana* (charity) is promoted and practised widely in Sri Lanka as an act of gaining merit. Researchers have found that these humanistic and collectivist practices emphasize the 'soft' values of the East over the 'hard' values of the West, and have a significant and negative direct impact on financial performance (Xenikou and Simosi, 2006; Kumarasinghe and Hoshino, 2010). Schumacher (2011) notes that the Buddhist understanding of economics is very different from the economics of modern materialism. As opposed to the western view, the Buddhist view of the essence of civilization is not based on wants but in the purification of human character; 'Character, at the same time, is formed primarily by a man's [*sic*] work' (Schumacher, 2011, p.40). Several scholars have commented on the parallels between virtue ethics and Buddhism. The Buddha recognised the importance of human rationality, an undeniable asset of the human species (Kalupahana, 2008). It seems relatively uncontroversial to claim that Buddhism acknowledges human perfection as expressed in the concepts of *Buddhahood*, *arhatship* and *bodhisattvahood* is achieved through the lifelong practice of virtues such as wisdom and compassion.

However, according to Freeman (1997), the rapid economic development and resulting affluent life styles enjoyed by the urban population is tending to focus more on personal and immediate family goals over those of the larger collectives of extended family, caste, community and state. The increasing levels of individualism could also have been a result of greater historical acculturation to the relatively individualistic orientation of the colonizing

cultures. Claiming a profound difference between Sri Lanka's rural and urban sectors in social, cultural and economic aspects, Gabriel and Cornfield (1995) note that these differences should be taken into consideration when applying institutional theory to Sri Lanka. Thus, although the traditional Sri Lankan society can be identified with collectivist features, individualist cultural features are gradually being embraced by particularly the urbanised populace of the country. As the majority of the participants of the current study were drawn from the capital of Colombo and other urban towns, the views of these participants are likely to be influenced by some individualist as well as collectivist cultural attributes.

In interpreting the Sri Lanka findings of the current study, therefore, the impact of the synthesis of various socio-cultural and religious factors extending back nearly 2500 years need to be considered. Based on the preceding, and despite the individualising tendencies, we can safely conclude that the predominance of collectivist factors and the pervasive influence of Buddhism could have contributed to the preference for softer people-related values in the Sri Lankan interview responses. These may also explain an apparent reluctance to give emphasis to the financial, customer and product aspects of business, as being more representative of 'hard' rather than 'soft' values. This, then, lends credence to the view that in Sri Lanka there is a distinctive business culture which is, in turn, heavily influenced by national culture; the similarity of the two Sri Lankan companies, particularly when one is the subsidiary of a western multinational and one is local, suggests the dominant effect of national culture. Thus, the findings from this study are in line with Nelson and Gopalan's (2003) study where around one fifth of organizational cultures were isomorphic with national cultures.

In theoretical terms, this suggests the importance of ‘reciprocal opposition’ to prevailing globalising tendencies if organizations within particular polities are to pursue organizational virtue – a finding which extends Nelson and Gopalan’s (2003) work in so far as such opposition need only be partial, rather than total, to external influences. This also confirms Pache and Santos’ (2010) view of organizations as pluralistic entities which are not only shaped by, but can potentially shape the institutional pressures to which they are subject. As noted above, the mechanism by which this shaping becomes operative is the exercise of agency in a virtuous manner by actors at both the individual and organizational (practice and institution) levels. Thus agency needs to be sufficiently dis-embedded for it to be effective. In a number of instances, the empirical work presented here suggests that agency is embedded within the Sri Lankan organizations only to a certain degree, particularly in relation to western business culture, and that both organizations were able to determine their own cultures, drawing on national culture over against colonizing influences from western customers or parent companies. In this, we concur with and provide evidence in support of Battilana and D’Aunno’s analysis (2009, p.47):

‘In sum, we conceptualize agency as a temporally embedded process of social engagement, informed by the past (in its habitual aspect), but also oriented toward the future (as a capacity to imagine alternative possibilities) and toward the present (as a capacity to contextualize past habits and future projects within the contingencies of the moment). This view of agency challenges the notion of institutions as cognitively ‘totalizing’ structures ... Though actors may participate in the habitualized routines and

practices that reproduce institutions, they often do so with awareness and purpose, rather than simply acting as institutional automatons.'

However, it is evident from the discussion of Sri Lanka's cultural background that it is not just the immediate 'past' but the broader history that is of particular importance. This links with MacIntyre's notion of 'tradition' which he defines as 'an historically extended, socially embodied argument, and an argument precisely in part about the goods which constitute that tradition' (MacIntyre 2007, p.222). Such traditions embody 'continuities of conflict' (p.222) by which traditions progress; changes in the extent of privatisation or of government involvement in economic affairs, or the tension between individualising and collectivising cultural features, are illustrative here of the kinds of conflict that can give rise to developments in a tradition. The important point to note, however, is that other studies may require a similar historical and tradition-constituted analysis to locate and explain both the origins of organizational virtue and the exercise of agency by institutional actors.

Conclusions

The contribution of this paper is threefold. First, the findings of the empirical research in Sri Lanka suggest that the categories of virtue ethics, and specifically the MacIntyrean notions of virtuous purposes versus vicious ones, practices versus institutions and internal versus external goods, are meaningful in a non-western business context. That these categories are generalizable, at least to the extent that this Sri Lankan study allows, suggests that the virtue ethics framework might be used to characterise problems of organizational virtue versus vice around the world, thus making such problems amenable to MacIntyrean normative solutions.

Second, the exploration of the differences in the content of these categories across cultures is indicative of such normative analysis, and indicates support for Keat's (2008) contention that other versions of capitalism may be more conducive to the practice-like conduct of production outside of the German example that he gives. That the empirical findings suggest a more virtuous form of capitalism operating in Sri Lanka (though with the *caveat* related to customers and product discussed above), further reinforces the point that MacIntyre's critique of capitalism is directed at the Anglo-American version. Here, the marked emphasis on people suggests a different set of priorities, alien to those in the UK and USA where people still tend to be seen as 'human resources'.

Third, the paper offers a number of theoretical developments. First, by incorporating insights from institutional theory, a counter-claim to isomorphic tendencies has emerged. This requires the incorporation into MacIntyre's conceptual framework of the need for reciprocal opposition to influences unconducive to virtue, such as potentially dominant western globalising tendencies, if organizations within particular polities are to pursue organizational virtue. Second, and associated with this, there is recognition of the mechanism by which such opposition operates, through both individual and organizational agency being sufficiently dis-embedded to enable such opposition, which then opens up the choice to incorporate national culture or, indeed, other more virtuous cultures as appropriate. That this requires virtuous actors at both the practice and institutional level is apparent (Moore, 2012). Third, the historical dimensions of the analysis suggest that the role of 'tradition' needs to be included in the framework, a conclusion which would thereby prioritise the use of narrative accounts.

These contributions also suggest a challenge to and potential impact on practice in less conducive forms of capitalism. For both business organizations and individuals working within them, whether managers or otherwise, the understanding of business organizations as practice-institution combinations with the potential for a good purpose which can contribute to the overriding good of the community, coupled with the potential for exercising dis-embedded agency, offers both encouragement to pursue, and ways to seek, reform.

There are, of course, a number of limitations of this study. First, it is based in only one alternative polity, such that its generalizability may be limited. Second, it drew on data from only two organizations so that, while these were chosen with care to provide a comparison with each other as well as similarities and differences with Alliance Boots, other organizations may have either reinforced the findings here or led to contrasting outcomes. Third, while the emphasis on large companies was justified in order to compare with Alliance Boots, it is recognised that studies into small and medium-sized firms are required to extend the conceptual framework in that direction. Finally, the sample sizes for the interviews were relatively small to conduct statistical analysis, although the significance of the differences is the more impressive as a result.

Further research could, then, be carried out in other cultural settings and on organizations of different sizes, to see whether the categories of MacIntyrean virtue ethics apply there, and to assess the extent to which other versions of capitalism exhibit, or otherwise, practice-like features. However, this study suggests that not only the immediate institutional environment

but also the traditions influencing national or local cultures would need to be included in such studies. Accordingly, potential research questions could include: (1) to what extent do other versions of capitalism in other polities demonstrate practice-like features?; (2) how does the application of institutional theory and notions of reciprocal opposition and (dis)embedded agency further extend and integrate the theory?; (3) what role does 'tradition' play in the organizational application of virtue ethics?; and (4) what is the effect of organization size? We invite others to join us in this empirical quest.

References

Batten, J., Hettihewa, S., & Mellor R. (1999). Factors affecting ethical management: Comparing a developed and a developing economy. *Journal of Business Ethics*, 19(1), 51-60.

Battilana, J. & D'Aunno, T. (2009). Institutional work and the paradox of embedded agency. In T. Lawrence, R. Suddaby and B. Leca (Eds.) *Institutional work: actors and agency in institutional studies of organizations* (pp.31-58). Cambridge: Cambridge University Press.

Beabout, G. (2012). Management as a domain-relative practice that requires and develops practical wisdom'. *Business Ethics Quarterly*, 22(2), 405-432.

Beadle, R. (2013). Managerial work in a practice-embodying institution: the role of calling, the virtue of constancy. *Journal of Business Ethics*, 113(4), 679-690.

Beadle, R. & Moore, G. (2011). MacIntyre: neo-Aristotelianism and organization theory. *Research in the Sociology of Organizations*, 32, 85-121.

Braverman, H. (1974). *Labour and monopoly capital*. New York: Monthly Review Press.

Bright, D., Winn, B. & Kanov, J. (2014). Reconsidering virtue: differences of perspective in virtue ethics and the positive social sciences. *Journal of Business Ethics*, 119(4), 445-460.

Cameron, K., Bright, D. & Caza, A. (2004). Exploring the relationships between organizational virtuousness and performance. *American Behavioral Scientist*, 47(6), 766-790.

Carter, J. R. (1979). *Religiousness of Sri Lanka*. Colombo, Sri Lanka: Marga.

Central Bank of Sri Lanka (2013). *Key Economic Indicators*. Retrieved from

http://www.cbsl.gov.lk/pics_n_docs/10_pub/docs/efr/annual_report/AR2012/English/3_KEI.pdf

Clegg, S. (2010). The state, power and agency: missing in action in Institutional Theory? *Journal of Management Inquiry*, 19(4), 4-13.

Crockett, C. (2005). *Grounding the theory of virtue*. Unpublished PhD thesis, The Robert Gordon University, Aberdeen, UK.

Crockett, C. (2008). MacIntyre: from transliteration to translation. *Philosophy of Management*, 7(1), 45-66.

Crockett, C. & Anderson, A. (2008). A grounded theory of virtue: from purpose to praxis. Working paper.

Dawson, D. (2014). Two forms of virtue ethics: two sets of virtuous action in the Fire Service dispute? *Journal of Business Ethics*, DOI 10.1007/s10551-014-2121-z.

DiMaggio, P. & Powell, W. (1983). The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2), 147-160.

Eisenhardt, K. (1989). Building theories from case study research. *Academy of Management Review*, 14(4), 532-550.

Freeman, M.A. (1997). Demographic correlates of individualism and collectivism: a study of social values in Sri Lanka. *Journal of Cross-Cultural Psychology*, 28(3), 321-341.

Gabriel, G. E. & Cornfield, D.B. (1995). Segmentation and standardization of income determination in developing nations: An analysis of urban-rural differences in income determinants in Sri Lanka. *Economic Development and Cultural Change*, 43(4), 717-734.

Gerhart, B. (2009). How much does national culture constrain organizational culture? *Management and Organization Review*, 5(2), 241-259.

Glaser, B.G. & Strauss, A.L. (1967). *The discovery of grounded theory: strategies for qualitative research*. New York, NY: Aldine De Gruyter.

Haig, B. D. (1996). Grounded theory as scientific method. In A. Neiman (Ed.) *Philosophy of Education* (pp. 281-290). Urbana: University of Illinois Press.

House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., & Gupta, V. (2004). *Culture, leadership, and organizations: the globe study of 62 societies*. Thousand Oaks, CA: Sage Publications.

Jones, A. (1997). Balasuriya's ideas on Asia's future jolt the single-path Vatican view. *National Catholic Reporter*, 33(16), 9-11.

- Kalupahana, D. (2008). *Ethics in early Buddhism*. Delhi, India: Motilal Banarsidass Publishers.
- Keat, R. (2000). *Cultural goods and the limits of the market*. London, UK: MacMillan Press.
- Keat, R. (2008). Practices, firms and varieties of Capitalism. *Philosophy of Management*, 7(1), 77-91.
- Koehn, D. (1998). Virtue ethics, the firm and moral psychology. *Business Ethics Quarterly*, 8(3), 497-513.
- Kumarasinghe, S. & Hoshino, H. (2010). The role and perceptions of middle managers and their influence on business performance: the case of Sri Lanka. *International Business Research*, 3(4), 3-16.
- Lynch, C. (1999). The 'good girls' of Sri Lankan modernity: moral orders of nationalism and capitalism. *Identities: Global Studies in Culture and Power*, 6(1), 55-89.
- MacIntyre, A. (1988). *Whose justice, which rationality?* London, UK: Duckworth.
- MacIntyre, A. (1994). A partial response to my critics. In J. Horton and S. Mendus (Eds.) *After MacIntyre* (pp.283-304). Cambridge, UK: Polity Press.
- MacIntyre, A. (2007). *After virtue*. 3rd edn. London, UK: Duckworth.
- MacIntyre, A. (2010). Intolerance, censorship and other requirements of rationality. Lecture delivered at London Metropolitan University, 28 October. Retrieved from www.londonmet.ac.uk/research-units/hrsj/events/public-events/.
- McCloskey, D. (2006). *The Bourgeois Virtues. Ethics for an age of commerce*. Chicago: University of Chicago Press.
- Mele, D. (2009). Integrating Personalism into virtue-based business ethics: the Personalist and the Common Good principles. *Journal of Business Ethics*, 88(1), 227-244.
- Moore, G. (2008). Re-imagining the morality of management: a modern virtue ethics approach. *Business Ethics Quarterly*, 18(4), 483-511.
- Moore, G. (2012). Virtue in business: Alliance Boots and an empirical exploration of MacIntyre's conceptual framework, *Organization Studies*, 33(3), 363-387.
- Moore, G. & Beadle, R. (2006). In search of organizational virtue in business: agents, goods, practices, institutions and environments. *Organization Studies*, 27(3), 369-389.

- Munday, J. (2008). *Introducing translation studies: Theories and applications* (2nd ed.). London: Routledge.
- Nanayakkara, G. (1997). Some reflections of Buddhism on morality in business and management. *Sri Lankan Journal of Management*, 2(3), 217-232.
- Nelson, R. & Gopalan, S. (2003). Do organizational cultures replicate national cultures? Isomorphism, rejection and reciprocal opposition in the corporate values of three countries. *Organization Studies*, 24(7), 1115-1151.
- Nida, E. A. (1969). Science of translation. *Language*, 45(3), 483-498.
- Niles, F. S. (1994). The work ethic in Australia and Sri Lanka. *The Journal of Social Psychology*, 134(1), 55-59.
- Pache A-C. & Santos, F. (2010). When worlds collide: the internal dynamics of organizational responses to conflicting institutional demands. *Academy of Management Review*, 35(3), 455-476.
- Palanski, M., Kahai, S. & Yammarino, F. (2011). Team virtues and performance: an examination of transparency, behavioral integrity, and trust. *Journal of Business Ethics*, 99(2), 201-216.
- Rahula W. (1993). *History of Buddhism in Ceylon*. Dehiwela, Sri Lanka: Buddhist Cultural Centre.
- Ranasinghe, S. (1996). Entrepreneurship education and training in Sri Lanka. *Sri Lanka Journal of Management*, 1(3), 262-277.
- Rego, A., Ribeiro, N. & Cunha, M. (2010). Perceptions of Organizational Virtuousness and Happiness as Predictors of Organizational Citizenship Behaviors. *Journal of Business Ethics*, 93(2), 215-235.
- Rodan, G. & Jayasuriya, K. (2009). Capitalist development, regime transition and new forms of authoritarianism. *Pacific Review*, 22(1), 23-47.
- Schumacher, E. F. (2011). *Small is beautiful: a study of economics as if people mattered*. London, UK: Random House.
- Senaratne, C. D. (2009). *Sinhala-English code-mixing in Sri Lanka: A sociolinguistic study*. Published PhD Dissertation, Utrecht: Netherlands Graduate Institute of Linguistics (LOT).
- Seo, M.G., & Creed, W.E.D. (2002). Institutional contradictions, praxis, and institutional change: a dialectical perspective. *Academy of Management Review*, 27(2), 222-247.

- Sison, A. (2011). Aristotelian citizenship and corporate citizenship: who is a citizen of the corporate polis? *Journal of Business Ethics*, 100(1), 3-9.
- Sison, A. & Fontrodona, J. (2012). The common good of the firm in the Aristotelian-Thomistic tradition. *Business Ethics Quarterly*, 22(2), 211-246.
- Slote, M. (1996). *From morality to virtue*. Oxford: Oxford University Press.
- Slote, M. (2001). *Morals from motives*. Oxford: Oxford University Press.
- Solomon, R. (2004). Aristotle, ethics and business organizations. *Organization Studies*, 25(6), 1021-1043.
- Swanton, C. (2003). *Virtue ethics, a pluralistic view*. Oxford: Oxford University Press.
- Tambiah, S. J. (1992). *Buddhism betrayed? Religion, politics, and violence in Sri Lanka*. Chicago: University of Chicago Press.
- Tennekoon, S. (1988). Rituals of development: the accelerated Mahavali development program of Sri Lanka. *American Ethnologist*, 15, 294-310.
- Thornton, P.H. & Ocasio, W. (2008). Institutional logics. In R. Greenwood, C. Oliver, K. Sahlin and R. Suddaby (Eds.), *The Sage Handbook of Organizational Institutionalism*, (pp. 99-129). London, UK: Sage.
- Tsoukas, H. & Cummings, S. (1997). Marginalization and recovery: the emergence of Aristotelian themes in organization studies. *Organization Studies*, 18(4), 655-683.
- US Department of State (2013). 2013 Investment Climate Statement - Sri Lanka. Retrieved from <http://www.state.gov/e/eb/rls/othr/ics/2013/204735.htm>
- Van De Ven, B. (2011). Banking after the crisis: toward an understanding of banking as professional practice. *Ethical Perspectives*, 18(4), 541-568.
- Von Krogh, G., Haefliger, S., Spaeth, S. & Wallin, M. (2012). Carrots and rainbows: motivation and social practice in open source software. *MIS Quarterly*, 36(2), 649-676.
- Welch, B. (1947). The generalization of 'Student's' problem when several different population variance are involved. *Biometrika*, 34(1-2), 28-35.
- Wijewardene H. & Wimalasiri, J. (1996). In search of an Asian style of management. *Sri Lankan Journal of Management*, 1(2), 125-140.
- Xenikou, A. & Simosi, M. (2006). Organizational culture and transformational leadership as predictors of business unit performance. *Journal of Managerial Psychology*, 21(6), 566-579.

Figures and Tables

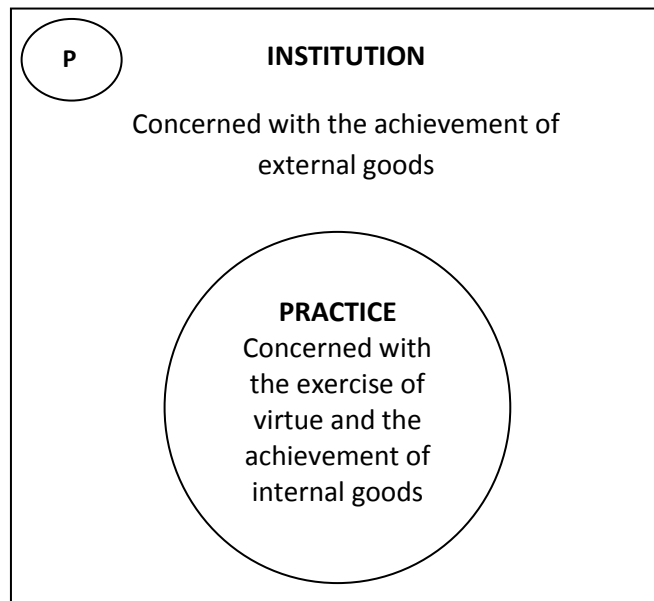


Figure 1. An organization represented as a practice-institution combination together with the secondary practice of the making and sustaining of the institution (Moore, 2012)

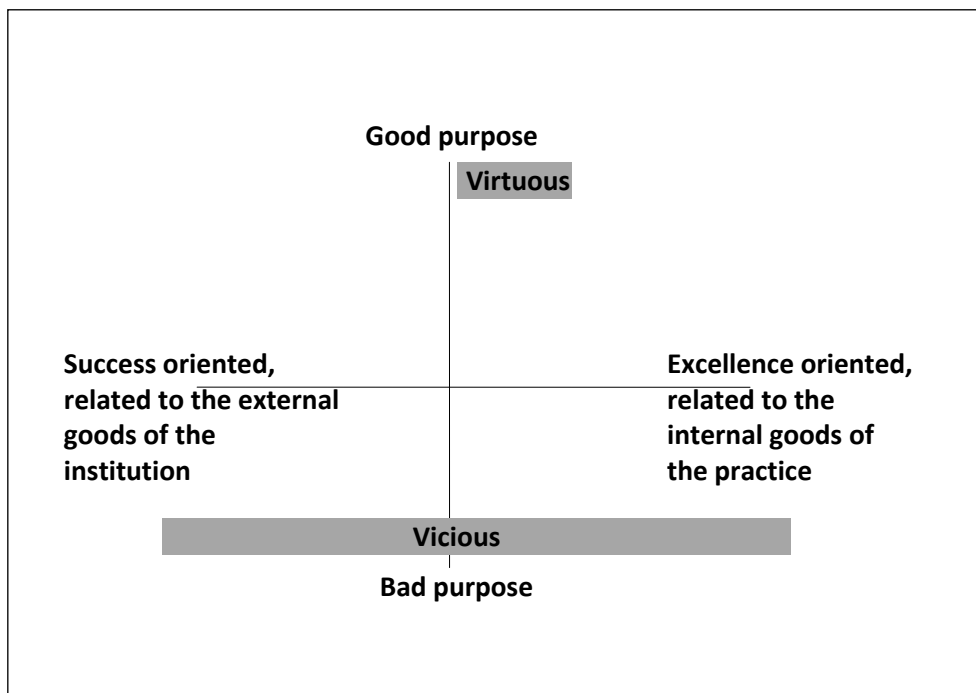


Figure 2. Mapping the virtuous organization (see Moore, 2012, adapted from Crockett and Anderson, 2008)

Indicator	Number/%
Population	21 million
<u>Ethnicity</u> : Sinhalese	74%
Sri Lankan Tamils	13%
Indian Tamils	5%
Moors	7%
Others	1%
<u>Religion</u> : Buddhists	69%
Hindus	15%
Christians	8%
Muslims	8%

Table 1: Population in Sri Lanka by Ethnicity and Religion

(Source: Adapted from the Central Bank of Sri Lanka, *Socio-Economic Data*, www.cbsl.gov.lk, retrieved March 24, 2012).

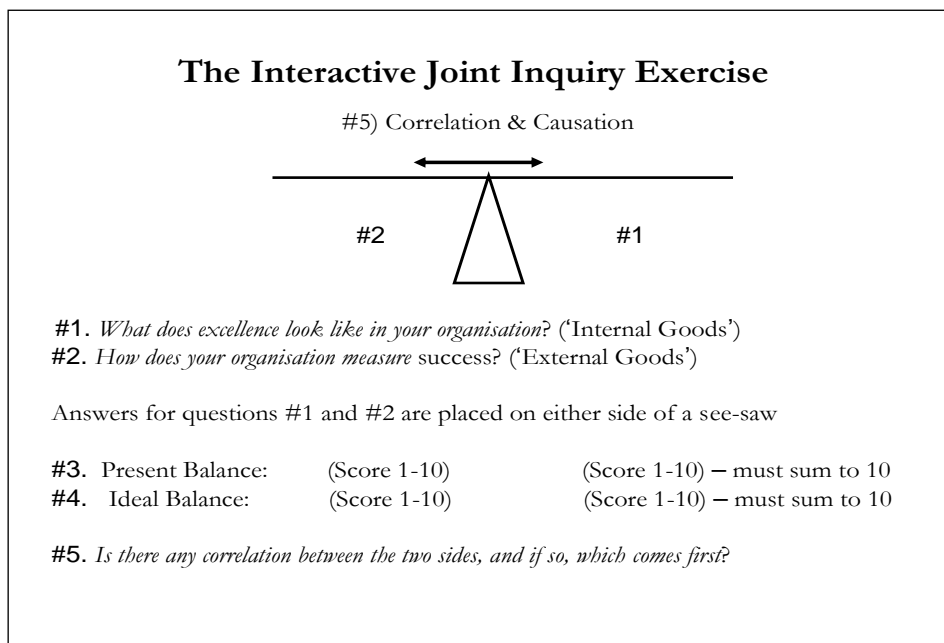


Figure 3. The success-excellence exercise (Crockett, 2005, see Moore, 2012)

	Terms	Company A	Company B	Sri Lanka combined	Alliance Boots
1	People	31.0%	35.0%	32.7%	10.1%
2	Financial	19.0%	22.5%	20.4%	43.4%
3	Trusted	6.9%	22.5%	13.3%	6.1%
4	Growth	12.1%	5.0%	9.2%	4.0%
5	Customers	8.6%	7.5%	8.2%	13.1%
6	Environment	6.9%	2.5%	5.1%	2.0%
7	Brand	1.7%	0.0%	1.0%	4.0%
8	CSR	1.7%	0.0%	1.0%	4.0%
9	Suppliers	-	-	-	2.0%
10	Other	12.1%	5.0%	9.2%	11.1%

Table 2. Success terms grouped by category and ranked by 'Sri Lanka combined'

	Terms	Company A	Company B	Sri Lanka combined	Alliance Boots
1	People	38.0%	42.1%	39.8%	9.6%
2	Trusted	14.0%	13.2%	13.6%	12.2%
3	Customers	10.0%	7.9%	9.1%	22.6%
4	Financial	6.0%	13.2%	9.1%	5.2%
5	Innovative	6.0%	10.5%	8.0%	3.5%
6	Product	6.0%	2.6%	4.5%	12.2%
7	Visionary	6.0%	2.6%	4.5%	5.2%
8	Stakeholders	6.0%	-	3.4%	1.7%
9	Environment	-	2.6%	1.1%	5.2%
10	Suppliers	2.0%	-	1.1%	3.5%
11	CSR	-	-	-	1.7%
12	Other	6.0%	5.3%	5.7%	17.4%

Table 3. Excellence terms grouped by category and ranked by 'Sri Lanka combined'

Comparison	Terms	Level of significance	Direction
Company A vs. Company B	Trusted	**	B>A
Company A vs. Alliance Boots	People	***	A>AB
	Financial	***	AB>A
Company B vs. Alliance Boots	People	***	B>AB
	Financial	**	AB>B
	Trusted	**	B>AB
	Brand	**	AB>B
	CSR	**	AB>B
Sri Lanka combined vs. Alliance Boots	People	***	SL>AB
	Financial	***	AB>SL

Table 4. Statistically significant differences for success terms

** p<.05

*** p<.01

Comparison	Terms	Level of significance	Direction
Company A vs. Alliance Boots	People	***	A>AB
	Customers	**	AB>A
	Environment	**	AB>A
Company B vs. Alliance Boots	People	***	B>AB
	Customers	**	AB>B
	Product	**	AB>B
	Suppliers	**	AB>B
Sri Lanka combined vs. Alliance Boots	People	***	SL>AB
	Customers	***	AB>SL
	Product	**	AB>SL

Table 5. Statistically significant differences for excellence terms

** p<.05

*** p<.01

Success scores	Company A	Company B	Sri Lanka combined	Alliance Boots
Current	4.41	4.88	4.61	5.75***
Ideal	4.50	4.38	4.44	4.85

Table 6. Success scores showing statistically significant differences

*** p<.01 for Company A and Sri Lanka combined versus Alliance Boots

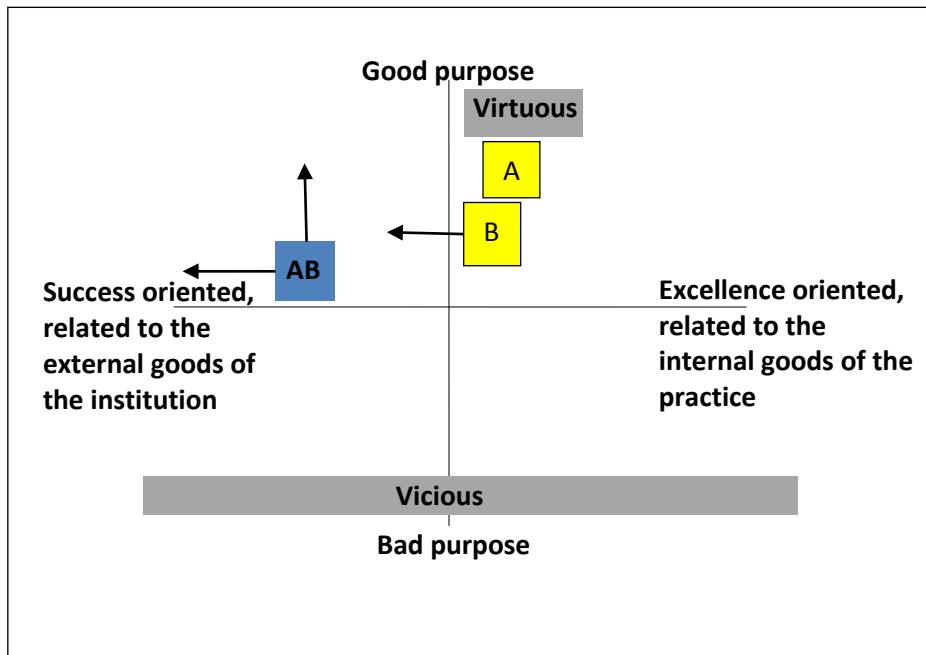


Figure 4. Organizational virtue mapping

AB = Alliance Boots

A = Sri Lankan Company A

B = Sri Lankan Company B

Arrows indicate the direction of travel on each axis (no arrow implies either no movement or countervailing forces)