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Guest Editorial

Compassion and Capitalism: Implications for Organizational Studies

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In the United States, income inequality has escalated since the 1970s while millions of workers and their families are suffering the devastation of long-term unemployment or work that is insecure and unstable. Against this backdrop, a growing body of literature focuses on compassion in organizations, primarily at the individual and group level of analysis. However, the current economic system under which the U.S. economy operates might create a fundamental tension in this regard. That is, the tenets of American corporate capitalism (ACC) might be in contradiction to compassionate organizing. ACC is an ideology that emphasizes, among other things, the pursuit of self-interest, competition, market exchange, consumerism, and using a profit/loss criterion to make decisions in organizations. Members of a society in which ACC is dominant may come to internalize the beliefs and values underlying ACC (Kasser, Cohn, Kanner, & Ryan, 2007), which may be at odds with compassionate organizing. Indeed, management scholarship has tended to be dominated by a concern with economic performance and efficiency. In addition to this focus on efficiency and competitiveness as ultimate outcomes of interest, perhaps management scholars should also focus on social problems and social welfare concerns. Consistent with contemporary interest in compassion, key to advancing our knowledge in this area would be identifying the conditions under which organizations inflict the least harm and alleviate the most suffering. In this regard, several directions for future organizational research are provided.

Keywords: *downsizing/layoffs/restructuring; affect/emotions; corporate social responsibility*

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In 2011, Apple earned more than \$400,000 in profit per employee, surpassing Exxon Mobil, Google, and Goldman Sachs (Duhigg & Bradsher, 2012b). Net income for the first quarter of fiscal 2012 was \$13.06 billion, more than double first-quarter earnings for fiscal 2011 (Wingfield, 2012). Interestingly enough, Apple employed a mere 43,000 workers in the United States and 20,000 in other countries during that time period. But approximately 700,000 worked for Apple contractors in Asia, Europe, and other countries (Duhigg & Bradsher, 2012a). Former Apple employees, like engineer Eric Saragoza, who earned \$50,000 per year at Apple, were laid off from their jobs in the 2000s as more work was performed overseas to lower costs (Duhigg & Bradsher, 2012a). Working conditions at some of these overseas facilities are highly questionable. At a Foxconn factory in Chengdu, China, that makes iPads, for example, an explosion in May of 2011 killed and injured workers, and safety netting was installed in workers' dormitories because of suicide attempts (Duhigg & Barboza, 2012). Does a company like Apple really need to make more than \$400,000 in profits per employee and lay off U.S. workers?

This is an era in which the extremes of American corporate capitalism (ACC; Kasser et al., 2007) are brought into sharp relief in the United States. By ACC, I mean capitalism as it currently exists in the United States (to be described further below). The richest 1% of Americans own 40% of the country's wealth; take home 24% of national income; own 50% of the country's mutual funds, stocks, and bonds; and have 5% of the country's debt; while the bottom 80% of Americans own 7% of the country's wealth (Jilani, 2011). At the same time, millions of Americans and their families are facing the devastation of long-term unemployment and precarious work (Kalleberg, 2009; McKee-Ryan, Song, Wanberg, & Kinicki, 2005; Uchitelle, 2006). Income inequality in the United States is at unprecedented levels since the 1970s (Centeno & Cohen, 2010; Economic Policy Institute, 2012; Kalleberg, 2011; Reich, 2012; Rueda & Pontusson, 2000).

In an era of persistently high unemployment that likely understates real unemployment (Kalleberg, 2009), layoffs endure as a seemingly permanent feature of American corporate life despite the fact that, in some cases, they may do more long-term damage to companies than good (Cascio, 2002; Gordon, 1996; Pfeffer & Sutton, 2006) and, more fundamentally, have profound and devastating effects on those laid off and society as a whole (Uchitelle, 2006). For example, from January to May of 2012, 6,768 employers laid off 50 employees or more for a total of 636,484 laid-off U.S. workers (Bureau of Labor Statistics, 2012). Moreover, CEOs are often rewarded with salaries in the millions while their companies lay off thousands (Reich, 2012). As Kalleberg (2011) notes,

companies have continued to downsize in good times; while downsizing and layoffs were once legitimate responses to profit pressures, they now have become a way of increasing short-term profits by holding down the wage bill (and the price and quantity of labor) and transferring income from labor to capital. (p. 39)

Against this backdrop, a growing body of literature in the organizational sciences focuses on, and advocates for, compassion in organizations and more scholarly research on the nature, determinants, and consequences of compassion in work settings (e.g., Atkins & Parker, 2012; Dutton, Lilius, & Kanov, 2007; Frost, Dutton, Maitlis, Lilius, Kanov, &

Worline, 2006; Kanov, Maitlis, Worline, Dutton, Frost, & Lilius, 2004; Lilius, Worline, Maitlis, Kanov, Dutton, & Frost, 2008). Clearly, the above anecdotes underscore the fundamental importance of compassion in work organizations. However, the current economic system under which the U.S. economy operates might create a fundamental tension in this regard. That is, the tenets of ACC seem to downplay the importance of compassionate organizing. While individual employees and groups of employees can certainly respond with compassion to the suffering of those around them, and understanding when and why this is likely to take place is an important line of inquiry, more fundamentally, ACC might seem to justify inflicting harm (unintentionally, e.g., by laying off employees even when it is not necessary to do so for organizational viability; Kalleberg, 2011) in the interest of maximizing returns to shareholders. Moreover, ACC has the potential to create conditions under which compassion is much less likely to occur.

In this editorial, I suggest that future theorizing and research focus on the linkages between compassion and ACC. Are compassion and ACC in contradiction? Does ACC create conditions that both result in suffering and make it less likely that those who do suffer will be treated with compassion by organizations? Do the beliefs, values, and social relationships propagated by ACC mitigate against compassionate organizing?

These questions seem to present us with a real conundrum. On the one hand, as individuals (e.g., fathers, mothers, partners, children) or members of groups (e.g., a group of employees who raise funds for an ill coworker), we can readily see, value, and enact compassion. Yet, in a society in which organizations represent incredibly powerful forces (Perrow, 1991, 2000), the dominant logic of ACC might seem to dwarf these valiant individual and group displays of compassion. That is, under the rubrics of ACC, organizations might be inadvertently letting compassion fall by the wayside.

Before proceeding, it is important to define what I mean by compassion in organizations and compassionate organizing. At the individual psychological level of analysis, compassion represents being attuned to and responsive to the suffering of others. For example, Goetz, Keltner, and Simon-Thomas (2010: 351) define compassion "as the feeling that arises in witnessing another's suffering and that motivates a subsequent desire to help." Similarly, Lazarus (1999: 245) indicates that "the meaning of compassion is that we understand something of what the other person is going through and want to help if possible." In the organizational literature on compassion, Dutton, Worline, Frost, and Lilius (2007: 59) define compassion organizing as "when individuals in organizations notice, feel, and respond to human pain in a coordinated way." Nonetheless, compassion is more than just responding to the suffering of others; it also reflects making decisions and behaving in ways that reflect care and concern for others. For example, Oveis, Horberg, and Keltner (2010: 618) indicate that "compassion promotes attention to the needs of weak or suffering others, often motivating actions costly to the self for the benefit of others." Thus, compassion is fundamentally concerned with care and concern for others (e.g., Goetz et al., 2010; Stellar, Manzo, Kraus, & Keltner, 2012). For example, a sample item in a validated measure of dispositional compassion is "It's important to take care of people who are vulnerable" (Shiota, Keltner, & John, 2006; Stellar et al., 2012). Thus, compassion is exhibited in organizations when organizational members express care and concern for others and are motivated to alleviate suffering. Compassionate organizing reflects organizing that is attuned to the needs of

vulnerable others and the alleviation of their suffering. Organizing that seeks to reduce workers' levels of insecurity (Kalleberg, 2009) is an example of compassionate organizing.

Interestingly enough, the current organizational literature on compassion largely focuses on compassion at the individual or small-group level of analysis (e.g., Atkins & Parker, 2012; Lilius et al., 2008). Hence, expressing care and concern for others, alleviating suffering, and being attuned to the needs of vulnerable others are seen largely as the province of individuals, small groups, and/or individuals or groups who advocate to larger entities on others' behalf. Research on compassion at the organizational level of analysis is less common, perhaps because of the very premise of this editorial: the tensions between ACC and compassion. For example, in the interest of increasing returns to shareholders, corporations unintentionally inflict suffering on multitudes of workers and their families by their use of layoffs, and laid off employees are largely left on their own to try to find new positions (Kalleberg, 2011; Uchitelle, 2006). Interestingly enough, in a study of the management literature, Walsh, Weber, and Margolis (2003) found that interest in dependent variables related to human welfare has declined since the 1970s, and even in its heyday, the focus of the research was primarily at the individual level of analysis.

American Corporate Capitalism

While much has been written about it, it is beyond the scope of this editorial to provide an in-depth treatment of contemporary ACC. Rather, following Kasser et al. (2007), I will briefly describe some of the key features of ACC that have bearing on compassionate organizing. The fundamentals of ACC go back to Adam Smith (1776/1981). Property is owned by individuals and large corporations (owned by shareholders) who use their capital to produce goods and services; workers sell their time and effort for wages; consumers purchase goods and services. The key assumption underlying ACC is that it is most advantageous at a system level for each of these categories of parties to pursue their self-interest as much as possible (Kasser et al., 2007; Smith, 1776/1981). Thus, corporations seek to minimize costs (e.g., by paying low wages or laying off employees) and maximize profits, workers seek to maximize wages, and consumers seek to get products and services at a low cost. Competition and laws of supply and demand drive the system.

Private property and market exchange are key drivers of capitalism (Centeno & Cohen, 2010). Land, space, ideas, things, money, and all sorts of objects can be owned by individuals and corporations who determine how they will be used and receive returns or profits on their employ, the pursuit of self-interest guiding such determinations. As Centeno and Cohen (2010: 12, 13) indicate, "as far as capitalism is concerned, we are what we own and what we sell...Markets allocate the flow of goods and payments according to the intrinsic logic of a balance between needs and offers."

First and foremost, ACC is an ideology (Kasser et al., 2007). Ideologies can be thought of as a set of beliefs and values that are relatively coherent and enduring and can serve to justify a way of organizing a society (e.g., economically and socially; Knight, 2006). Some of the beliefs and values underpinning ACC include the pervasiveness and desirability of the pursuit of self-interest, the benefits of competition and market exchange, consumerism and

materialism, the sanctity of private property (and viewing natural resources as private property), the importance of economic growth, and the appropriateness of using a profit/loss criterion when making decisions and evaluating options (Kasser et al., 2007). ACC also encompasses the belief that people can get ahead through their own hard work and effort, the value of individualism, and even maximizing self-interest to the point of greed (Wang & Murnighan, 2011). As an ideology, ACC encompasses a set of institutions that support it, including the legal system, government, stock markets, media, trade organizations, and advertising.

Members of a society in which ACC is dominant may come to internalize the beliefs and values underlying ACC (B. Schwartz, 2007; Kasser et al., 2007). However, ACC values are in opposition to other values that are important for well-being and a compassionate, well-functioning society (e.g., S. Schwartz, 2007), and ACC values may “crowd out” these other values (Frey & Oberholzer-Gee, 1997; Kasser et al., 2007). ACC might also lead to an overarching focus on materialism via focalism (Kahneman, Krueger, Schkade, Schwarz, & Stone, 2006; B. Schwartz, 2007; Wilson, 2002) and as an ideology may be preserved via system justification processes (Jost & Kay, 2010). As Kasser et al. (2007: 3) suggest, “ACC fosters and encourages a set of values based in self-interest, a strong desire for financial success, high levels of consumption, and interpersonal styles based on competition. . . . The institutions and ideology of ACC often work against the aims of helpfulness, intimacy, and personal freedom.”

ACC can be distinguished from capitalism as it exists in other countries. For example, the “varieties of capitalism” approach distinguishes between “liberal market economies” and “coordinated market economies” (Centeno & Cohen, 2010; Hall & Gingerich, 2009; Hall & Soskice, 2001). Liberal market economies, like the United States, rely heavily on competitive markets for coordination, while coordinated market economies, like Germany, rely on strategic coordination (Centeno & Cohen, 2010; Hall & Gingerich, 2009).

ACC and Compassion

At the societal level, it has been noted that some European countries, compared to the United States, have more regulations and social welfare programs to protect poor and average citizens, more progressive tax codes, and greater redistribution of income among citizens and much less inequality (Alesina, Glaeser, & Sacerdote, 2001; Glaeser, 2008). While there are multiple potential causes of these differences (Alesina et al., 2001; Glaeser, 2008), the ideology of ACC and its accompanying institutions may play a role in these differences. For example, surveys suggest that some of the beliefs consistent with ACC are dominant in the United States despite the fact that extant evidence does not support them. For instance, surveys indicate that Americans are less likely to think that the poor are unable to get out of poverty, more likely to think that the poor have opportunities, and more likely to think that the poor are lazy than Europeans even though the facts do not support these beliefs (Alesina & Glaeser, 2004; Glaeser, 2008). At a societal level, the ideology and supporting institutions of ACC may contribute to a society that allows for and actually supports escalating income inequality, layoffs of millions of workers, and diminishing pensions, health insurance provisions, and safety nets for average and poor workers and their

families (Kalleberg, 2011; Uchitelle, 2006). Thus, compassion at a societal level may be in short supply, as rather than coming to the aid of those in suffering, suffering is actually initiated and perpetrated (however unintentionally).

At the organizational level of analysis, and in the interests of maximizing returns to shareholders, ACC has the potential to result in organizations unintentionally causing rather than alleviating suffering (Kalleberg, 2011; Uchitelle, 2006). Even management scholarship in the United States has been dominated by a focus on economic performance at the expense of social welfare concerns, and when these concerns are addressed, attempts are made to link them to other concerns, such as economic performance, rather than study them as important issues in their own right (Margolis & Walsh, 2001; Walsh et al., 2003). At the individual and group level of analysis, under certain conditions of ACC, organizational members who have the most resources at their disposal to act with compassion may be the least likely to do so (e.g., Desai, Brief, & George, 2010; Piff, Kraus, Côté, Cheng, & Keltner, 2010; Stellar et al., 2012; van Kleef, Oveis, van der Löwe, LuoKogan, Goetz, & Keltner, 2008).

Organizational Studies and Compassion

While the recent surge of scholarly literature on compassion in organizations is certainly noteworthy and refreshing (Rynes, Bartunek, Dutton, & Margolis, 2012), the aforementioned inherent potential contradiction between the tenets of ACC so dominant in large and powerful corporations and compassion for those less fortunate should give us pause. Essentially, perhaps now more than ever, we should attempt to supplement our focus on the very dominant concerns with efficiency, competitiveness, and maximizing returns to shareholders with a focus on social problems and how organizations can help to alleviate them rather than propagate them (Perrow, 2000; Starbuck, 2003). This is not meant to dismiss the need for organizations to be profitable; rather, it is an attempt to move away from an ideological stance that, at its extremes, almost seems to make greed a virtue (Wang & Murnighan, 2011).

It has long been noted that organizational studies in the United States has been dominated by a managerial perspective (e.g., Brief, 2000; Nord, 1977; Perrow, 2000; Walsh et al., 2003). Our dependent variables tend to be those that managers care about in their quest to increase efficiency and competitiveness. And the benefits of organizations focusing on maximization of shareholder value are sometimes extolled (e.g., Sundaram & Inkpen, 2004). More generally, as Walsh et al. (2003: 867) observe, "the economic objectives of management have found a comfortable place in the world of organization and management studies." Even research on corporate social responsibility tends to seek to link corporate social responsibility to financial performance (Campbell, 2007; Margolis & Walsh, 2003; Walsh, Meyer, & Schoonhoven, 2006). However, it should be noted that the foregoing depiction is more applicable to U.S. organizational studies than to European organizational studies (Grey, 2010; Meyer & Boxenbaum, 2010). In any case, perhaps contemporary interest in compassion in organizations can help to shift our dependent variables to ones concerned with social welfare and the well-being of the many rather than the few. Clearly, it has been demonstrated that when ACC proceeds unchecked, all are not better off. Decades of stagnating wages for the many and persistent and high unemployment coupled with dramatic increases in income inequality illustrate this unfortunately all too well (Reich, 2012).

If we are genuinely interested in compassion, one place to start is to seek to identify the conditions under which organizations inflict the least harm and alleviate the most suffering. Consistent with the notion that organizations are one of the most powerful influences in contemporary society, this necessitates looking at organizations as the independent variable (Perrow, 1991, 2000). As Walsh et al. (2006) suggest, doing so should cause us to identify the dependent variables that we really care about. As such, do we want a society with extreme income inequality, unemployment, and many other social ills? Clearly, contemporary interest in compassion suggests not.

Thus, a central concern for future theorizing and research should be identifying the conditions under which organizations inflict the least harm and alleviate the most suffering. There are multiple ways in which to explore this question. For example, researchers could explore the organizational conditions under which the values of ACC permeate an organization and managerial decision making. Six of the cultural value orientations organized in S. Schwartz's (1999, 2004) theory of cultural dimensions can be used to describe basic human values that underlie ACC (Kasser et al., 2007; S. Schwartz, 2007). These six orientations are organized into three sets of opposing dimensions based on fundamental issues that societies face (S. Schwartz, 1999). One dimension focuses on how societies deal with the issue of managing the utilization of natural and human resources (mastery vs. harmony). A mastery orientation stresses using forceful action to alter, control, and take charge of the natural and social milieu; encompasses values such as success, daring, and ambition; and views seeking a competitive advantage as legitimate (S. Schwartz, 2007). The harmony orientation emphasizes agreeable integration of individuals and groups into the natural and social milieu and includes values such as protection of the natural environment, peace, and being one with nature (S. Schwartz, 2007).

A second dimension focuses on how societies deal with human interdependency and the need for cooperative, productive efforts (hierarchy vs. egalitarianism). The hierarchy orientation relies on hierarchical relationships and roles to manage interdependencies, views hierarchical control as legitimate, and emphasizes values such as power over others, authority, and wealth (S. Schwartz, 2007). The egalitarianism dimension emphasizes equality, voluntary cooperation for the good of all, limiting self-interest and promoting other-interest, and includes values such as justice, loyalty, honesty, and equality (S. Schwartz, 2007).

The third dimension focuses on how societies deal with the relationship between individuals and collectives (embeddedness vs. intellectual autonomy). The embeddedness orientation emphasizes identification with collectives and their goals, subscribing to a shared way of life, and refraining from disrupting the status quo and includes values such as obedience, respect for tradition, and social order (S. Schwartz, 2007). The intellectual autonomy orientation suggests that people should independently follow their own ideas and includes values such as creativity, curiosity, and broadmindedness (S. Schwartz, 2007).

Based on his cross-national research (e.g., S. Schwartz, 1999, 2004), S. Schwarz (2007: 54) concludes that "the more similar the economic system of a capitalist country to ACC, the more its culture is characterized as high in the Mastery, Hierarchy, and Embeddedness orientations and as low in the Harmony, Intellectual Autonomy, and Egalitarian orientations." However, just as individuals differ in their values within a culture (Rokeach, 1973), so too can organizations within a culture differ in their organizational cultures and values. That is,

while American cultural values can be described, organizations based in the United States can nonetheless differ in terms of their own cultural values. For example, organizational cultures in the United States vary in terms of the extent to which they place importance on protecting the natural environment, internal competition, hierarchy, equality, creativity, and conformity. Thus, an interesting question for future research to explore is the extent to which different organizational value profiles are related to differing levels of compassionate organizing. For example, perhaps organizations whose cultural values are consistent with the harmony, egalitarianism, and/or intellectual autonomy dimensions exhibit higher levels of compassionate organizing than organizations whose cultural values are consistent with the mastery, hierarchy, and/or embeddedness dimensions. Consistent with this reasoning, it has been suggested that the bureaucratic form limits the capacity for compassion and care in organizations (e.g., Ferguson, 1984; Lawrence & Maitlis, 2012) and that more relational forms of organizing and structuring an organization might foster more care and compassion in organizations (Gittell & Douglass, 2012). Additionally, future research could explore the implications of different stakeholder cultures for compassionate organizing (Jones, Felps, & Bigley, 2007).

Another direction for future research that could lead to insights into what organizational conditions result in compassionate organizing would be to compare and contrast organizations that differ in terms of the extent to which they inflict harm and alleviate suffering but otherwise engage in similar kinds of activities. For example, warehouse retailers Costco and Sam's Club (part of Wal-Mart) are frequently contrasted in terms of their treatment of employees, with Costco employees receiving considerably higher pay and better benefits (e.g., Cascio, 2006a, 2006b; McArdle, 2012). Future research could seek to identify what are the organizational conditions that lead some organizations to heavily focus on the interests of one or two stakeholder groups (e.g., customers and shareholders) to the detriment of others (e.g., employees and communities) while other organizations are more balanced in seeking to make all important stakeholder groups better off (Freeman, 2006). For instance, the reasoning of Desai et al. (2010) suggests that greater income inequality in organizations and excessive CEO pay might result in organizations that inflict more harm and fail to alleviate suffering for rank-and-file employees.

As another direction for future theorizing and research, organizations could be studied that really do seem to have social welfare concerns as important goals and objectives. What is it about these organizations that set them apart from others more exclusively concerned with maximizing financial returns? For example, Habitat International, Inc., a manufacturer of indoor-outdoor carpet and artificial grass that supplies Lowe's, the Home Depot, and other organizations and is based in Chattanooga, Tennessee, has had a long-standing mission to provide employment opportunities to the disabled (Henderson, 2008). Three fourths of Habitat's employees have a mental or physical disability or both (Habitat International, Inc., 2013). What is it about organizations like this and their founders and leaders that has led them to have a steadfast commitment to compassion?

Of course, some would argue that the government has to be more proactive in addressing social problems emanating from ACC. As Kalleberg (2011: 215) suggests, "we are in dire need of a new social contract to address the consequences of the growth of polarized and precarious employment systems. This social contract requires the coordinated efforts of

government, business, and labor.” Additionally, adopting a stakeholder approach, one could argue that the actions of multiple stakeholder groups (e.g., consumers, suppliers, communities) can serve to either foster or inhibit compassionate organizing. This is an important topic for future research.

Conclusions

The recent surge of scholarly interest in compassion in the workplace is certainly noteworthy. Complementing this trend, in this editorial I urge organizational researchers to explore the potential tensions and contradictions between ACC and compassion. In so doing, we might be in a better position to identify and study the organizational conditions that might give rise to compassionate organizing.

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