TACKLE THE COMPASSION DILEMMA! REASONABLE ORGANIZATIONAL COMPASSION AS AN INTEGRAL COMPONENT OF OPTIMAL RESOURCE ALLOCATION

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ABSTRACT

A business organization often finds itself facing the dilemma of resource constraints and being a responsible social actor, caring for its stakeholders. Some evidence from the emerging literature on organizational compassion suggests that organized compassion provides multiple benefits to an organization in the long run (cf. Dutton, et al., 2014). However, very little is known on the complex mechanism of how compassion transpires to improved performance outcomes and what factors mediate and/or moderate this process. This study presents a theoretical framework to enhance our understanding of the translation process. Drawing on resource-based theory, resource advantage theory, and social comparison theory, among others, it advances a thesis that organizational compassion undertaken within the means of the organization does not create short-run survival issues. Rather, the resources directed to compassionate acts constitute an optimal allocation of organizational resources which generates long term benefits. Organizational compassion creates and expands various forms of intangible capitals which, the extant evidence suggests, eventually lead to an enhancement in organizational performance. This research offers insights, and develops propositions, on why institutionalized compassion augments social capital, psychological capital, and organizational citizenship capital of an organization. Two plausible contingencies in this process, personal reflection effectiveness and social comparison effectiveness, are also examined.

Keywords: organizational compassion, intangible capitals, resource allocation, organizational performance, social comparison, personal reflection

1. INTRODUCTION

Some degree of job-related suffering, such as burn out (Mo & Shi, 2017), is a reality of an individual's work life in a contemporary business organization. Unexpected, globally consequential adverse events, such as the recent Covid 19 pandemic, present additional stress and suffering that negatively impact employees' mental health, organizational citizenship behaviors, and overall well-being (Yu et al., 2021). The acts of compassion by various agents within an organization play a significant role in coping with the negative experiences and alleviate the sufferings of one another (Atkins & Parker, 2012; Avramchuk & Manning, 2014; Greenberg & Bejou, 2012). Evidence suggests that the organization itself derives various forms of benefits through compassion, such as organizational trust, commitment, and collaboration enhancement (Dutton et al. 2007; Duttonet al., 2014). Researchers warn that if the sufferings of the primary stakeholders of a business organization, such as employees, are not addressed, it can have, cumulatively, an adverse effect on organizational performance outcomes (Rynes, et al., 2012). Since the work of Frost (1999) titled 'why compassion counts' to date, the interest in organizational compassion research is steadily emerging (Rynes et al., 2012; Shahzad & Muller, 2016; Sutton, 2009). Nevertheless, the broad community of business scholars shares the perception that business organizations lack an adequate level of compassion to ease these sufferings (Atkins & Parker, 2012; Greenberg & Bejou, 2012; Sutton, 2009). What could be the reason (s) behind the prevalence of such inadequate organizational compassion? Why do business organizations face the compassion dilemma--whether and to what extent to engage in compassion? Is it because compassion is intrinsically antithetical to the profit maximizing principles a business organization operates on?

Indeed, based on the general notion of capitalism, particularly what George (2014) calls the American Corporate Capitalism (ACC), the proponents of this approach deem that any acts not directly geared towards shareholder profit maximization, including the acts of organizational compassion, is a misallocation and misappropriation of resources (Sundaram & Inkpen, 2004). Simpso et al., (2015) addressed this question head on by looking into whether

organizational compassion and profit maximizing, capitalistic principles are inherently at loggerheads or they could be reconciled. Examining the compassion dilemma from an obtuse angle, they conclude that compassion is contradictory only to the neo-classical notion of capitalism (interchangeable with ACC) but consistent with the notion of conscious capitalism in which a business organization is considered much more than a profit-maximizing engine. I join other researchers (George, 2014; Sutton, 2009) to contend the ACC approach to compassion, and articulate why a reasonably-organized compassion is not antithetical to profit maximization principles. In the subsequent section, (cf. premise section), I explain why ACC approach is counterproductive even for the shareholders, let alone the other stakeholders of a business organization. This study approaches compassion dilemma as a resource allocation problem for business firms, rather than an intrinsic 'shareholder vis-à-vis other stakeholders' conflict of interests.

I build on the existing research (George, 2014; Simpson et al., 2015) to advance the argument that organizational compassion is not in conflict with organizational interests when it is viewed from a long-term, broad performance perspective. As Sutton (2009) articulates, occasionally, compassion might take the form of simply doing things in an empathetic way, without incurring any costs, but could generate substantial benefits for the organization. That said, any meaningful organizational compassion requires mobilization of various resources and incurs legitimate costs (Dutton et al., 2006). The meaningful organizational compassion is represented by a behavioral change and/or intervention on the organization's part to address the suffering or grievance of the concerned stakeholders. I advance the thesis that reasonable organizational compassion, which can be supported with the extant organizational resources, could rather become an essential part of optimal allocation of resources for the organization, for instance, like the resources allocated for brand image cultivation (Golicic et al. , 2012). The thesis is consistent with two major theories in organization research: resource-based theory and resource advantage theory. Resource-based theory states that valuable, rare, and inimitable resources (tangible and intangible) contribute to sustainable competitive advantage for a firm (cf. Barne et al. , 2001). Resource advantage theory stipulates that firms can enhance organizational performance by converting intangible resources into capabilities (cf. Griffith et al., 2010). Indeed, compassion organizing (Dutton et al., 2006) can facilitate turning intangible resources to unique organizational capability that resource advantage theory advocates.

The theory advanced in this paper centers on the premise that reasonable organizational compassion (ROC) does not pose any short-term survival threats or liquidation problems related with resource constraints. On the other hand, the potential of ROC to augment long-term organizational performance could be substantial. In fact, a professional research featured in Harvard Business Review (Parmar, 2016) suggests that top ten compassionate business organizations were able to increase twice as much value, in terms of market capitalization, relative to the bottom ten, as well as generate 50% more earnings. In this study, I theorize that ROC enhances three forms of intangible capital, social capital, psychological capital, and organizational citizenship capital, and as such, improves long-term performance outcomes for the firm. However, how organizational compassion transpires to better firm performance through enhanced intangible capitals might be a rather complex process, one in which multitude of variables may act as moderators or contingencies. This research focuses on two such major contingent factors, social comparison effectiveness and personal reflection effectiveness. With the acknowledgement that the recipient of organizational compassion can be many other stakeholders, such as the community at large, I examined the organizational compassion directed at and experienced by employees in the present study. The theory is proposed within that boundary.

This research makes three important contributions. First, it adds to overall organizational literature by incorporating various theories across disciplines on organizational compassion, intangible capitals, and organizational performance. Second, it offers a lens to organization leaders to look at compassion dilemma from the resource allocation perspective. Third, it extends a theoretical framework explaining why organizational compassion is likely to result in long-term organizational performance outcomes through intangible capitals, contingent upon personal reflection effectiveness and social comparison effectiveness. The paper develops multiple propositions to that effect so that future researchers can take them as a starting point for empirical investigations. This research primarily contributes to organizational compassion literature.

The rest of the paper is organized as fallows. As an emerging body of research, there are multiple views and conceptualizations of compassion (cf. Strauss et al., 2016). Thus, in the literature review section of the paper, I attempt to bring a conceptual clarity on the dimensions of organizational compassion and the level implications of compassion as a construct. In the third section, a theoretical framework is presented by developing arguments for the

viability of organizational compassion as an organizational resource and offering pertinent insights. It also lays out the premise of the conversation and discusses the assumptions made in advancing the proposed theory. In the final section, I present the conclusion of this research, future research and pragmatic implications, and the limitations of the proposed theoretical framework.

2. LITERATURE REVIEW

Organizational compassion has sometimes been referred to in the literature as 'compassion' while at other times as 'care' or 'caring and compassion' (Boyatzis et al., 2006; Kahn, 1993; White, 1999). A summary scan of the literature reveals the inconsistent use of the terms, 'care' and 'compassion'; treating them as a single construct, separate constructs, and as the dimension of each other (e.g., Allred et al., 1997; Boyatzis et al., 2006; Kahn, 1993; White, 1999). The emerging stage of organizational compassion literature and the simultaneous development across multiple disciplines likely account for this multiplicity in the usage and conceptualization. In any event, it obligates that researchers carefully define organizational compassion and recognize the dimensionality of the construct when doing so. In congruence with Boyatzis et al. (2006), 'care' or 'caring' is considered as a behavioral element of compassion in this study.

2.1 Cognitive, Affective, and Behavioral Dimensions of Organizational Compassion

Some early studies of compassion appear to have conceptualized it as a unidimensional construct (cf. White, 1999). For example, Allred et al. (1997) use compassion as a positive emotion contrasted with anger. However, as the literature grew, most later studies on compassion either explicitly or implicitly conceptualize compassion as a three-dimensional construct; cognitive, affective, and behavioral (Delbecq, 2010; Kanov et al., 2004; Liliuset al., 2008; Margolis & Walsh, 2003; O'Donohoe & Turley, 2006). For instance, Kanov et al. (2004) argue that an act of compassion must involve noticing, feeling, and responding, that is, cognitive, affective, and behavioral aspects of compassion, respectively. Atkins and Parker (2012) add 'appraisal' as another aspect of compassion, i.e., a cognitive element. Dutton et al. (2014) incorporate 'sense-making' and 'acting to alleviate the suffering' of others, i.e., cognitive, and behavioral elements.

Drawing on the broad compassion literature in general, and the above cited works in particular, the dimensions of organizational compassion are defined as follow. The cognitive dimension of organizational compassion refers to perceiving and mentally processing expressed pains, inconveniences, losses, and sufferings of others through observation as well as through anticipation by analyzing relevant contextual cues. The affective dimension of organizational compassion is referred as displaying empathy by identifying with others at emotional level and by sharing the feelings of people with pains, inconveniences, losses, and sufferings. Finally, the behavioral component of organizational compassion is understood as taking tangible, meaningful actions for the purpose of removing or mitigating those expressed or anticipated pains, inconveniences, losses, and sufferings.

In summary, organizational compassion requires all three dimensions to be meaningful. Imagine a scenario, like the case of a top manager (COO) who notices and feels strong empathy toward a full-time employee who takes a second part-time job to afford her rent and provide for her child because the childcare usurps significant amount of her income. However, the manager does not make any tangible effort at the institutional level to ameliorate her situation. In this case, it does not qualify as organizational compassion since the behavioral aspect is absent.

2.2 Individual Compassion and Organizational Compassion

The construct compassion could be applied at the individual level (Atkins & Parker, 2012), firm level (Dutton et al., 2006), community level (Simpson & Berti, 2020), and so forth. To advance the proposed theoretical framework, I clarify the nuances between the individual acts of compassion observed in an organization and organizational compassion. Revisit the earlier illustration. If the manager demonstrated a kind behavior by providing the suffering employee some funds from personal bank account so that she can pay for her childcare, it would be an act of individual compassion. However, it should not be equated as the manifestation of organizational compassion. On the other hand, realizing the sufferings of the focal employee and others, if the manager took an initiative to establish an on-site childcare center, it would qualify as organizational compassion. Thus, the concept of organizational compassion should exclude some isolated individual expressions and acts of kindness in an organization. Inclusion

of such individualized acts of compassion without any institutional arrangement would confound the concept of organizational compassion.

Individualized compassion and institutionalized compassion should be distinguished not only for clarity in different levels of analysis in an empirical investigation but also because they have different theoretical implications for other organizational variables. In the stated illustration, the individualized compassionate behavior of the manager could result in both positive and negative effects on the other employees. Some employees who did not receive such acts of compassion by the manager in the past (for any reason) might interpret the manager's behavior as an act of favoritism and could perceive it as a fairness (both distributive and procedural) issue. Even if the manager were to replicate the compassionate act to other employees, in the absence of a formal mechanism, the manager could still be viewed as biased or unfair. On the other hand, with the establishment of an on-site childcare center, most of the organizational employees are likely to perceive it as the organization being compassionate, even by the ones without children.

3. THEORY DEVELOPMENT: REASONABLE ORGANIZATIONAL COMPASSION, INTANGIBLE CAPITALS, AND ORGANIZATIONAL PERFORMANCE

Before proceeding to build the conceptual framework of how the compassion dilemma in a business organization could be better dealt with, the vantage point of this paper in this conversation is provided by clarifying the assumptions and premise as recommended by organizational theorists (Bacharach, 1989; Crossan, Lane, & White, 1999).

3.1 Assumptions and Premise of the Proposed Theory

The Ontological Assumption: Since the field has not yet scientifically measured organizational compassion across organizations and industries, we must assume either organizational compassion exists at a desirable, optimal level in today's business organizations, or it exists at an undesirable, suboptimal level. As discussed earlier, based on the studies focused on phenomenon like compassion and burn out, it is reasonable to assume that organizational compassion exists, at best, at a suboptimal level (cf. George, 2014; Greenberg & Bejou, 2012). Second, certain practices in business organizations clearly implies socially undesirable level of compassion. For instance, laying off employees is seen by most top executives as the first and most convenient instrument in the cost reduction tool kit of a business organization, even when evidence shows it could prove a counterproductive approach for the long term (Cascio, 2002). As Kalleberg (2009) notes, layoffs in contemporary business organizations have become a device to serve the short-term interest of executives at the expense of other stakeholders, including the shareholders. The presence of socially desirable levels of organizational compassion would be true if laying off employees were the last resort, not the first, for a cost reduction challenge. Or at least, the observed common practice would be to keep layoffs to a minimum for as long as possible. Therefore, it is assumed that compassion exists at socially undesirable, suboptimal level in contemporary business organizations.

The Level Assumption: As discussed in the preceding section, like other organizational level constructs that cannot be thought of independent from individual and group levels, such as organizational learning (Crossan et al., 1999), organizational compassion is discernibly multilevel; individual, group, organization, and so forth. It is more than the collection or aggregate of individual and group level compassions, and thus, must be institutionalized at the level of organization.

The Assumptions about the Agents: Since compassionate acts involve 'provider and recipient', agentic clarification is necessary as well. Top management teams (TMT) or organization leaders are assumed as the providers, and the rest of the managerial and non-managerial employees as the recipients of organizational compassion. As the illustration suggests, it is possible to demarcate the boundary line between an individual displaying compassion independent of the organization and an individual displaying compassion as an agent acting on behalf of the organization. Once compassion is institutionalized, some initial recipients, e.g., a mid-level manager, could switch roles as providers.

The Premise: While the purpose of this paper is not "stakeholder vs shareholder" debate, as stated in the introduction section, this study does not support the premise that organizational compassion leads to a misallocation

and misappropriation of resources as implied in the orthodox capitalistic approach. This approach is rooted in a parochial notion of organizational goal and takes an erroneously reductionist view to define the *raison d'être* of an organization; merely the owner's wealth maximization (Sundaram & Inkpen, 2004). Although business founders do engage in wealth maximization, more lofty purposes (such as accomplishing a vision and changing the world for better) define the end purpose of their organizations equally often. In fact, the empirical evidence from the large data samples collected in multiple countries including the United States, Global Entrepreneurship Monitor (2009), Panel Study of Entrepreneurial Dynamics, (2008), and Kauffman Firm Survey, (2009), among others, informs us that wealth generation or financial motivation is only one among many other equally significant entrepreneurial motivations, for creating business organizations. Stephan et al. (2015) provide, to that effect, a comprehensive review of entrepreneurial motivations from tens of studies out of these data samples. These entrepreneurship researchers have identified six other crucial entrepreneurial motivations besides the financial motivation. Moreover, the orthodox capitalistic approach inaccurately claims 'a contradiction' in the interest of shareholders vis-à-vis other stakeholders of the organization when it considers acts such as compassion as a misallocation of resources. That is because it fails to recognize that an organizational benefit could take different forms, such as employees' loyalty, organizational citizenship behaviors, and organizational reputation, that would eventually translate to augmented financial performance, and thus serve shareholders' interests.

To reiterate, some substantial direct costs are incurred in reducing or removing perceived or anticipated pains, sufferings, inconveniences, and losses of employees in a meaningful way. However, the resources allocated for such acts of compassion at institutional level, within the means of the organization, are neither the sunk costs nor the misallocation. Instead, they constitute thoughtful allocation of the resources because the eventual tangible and intangible benefits to the organization will exceed the costs.

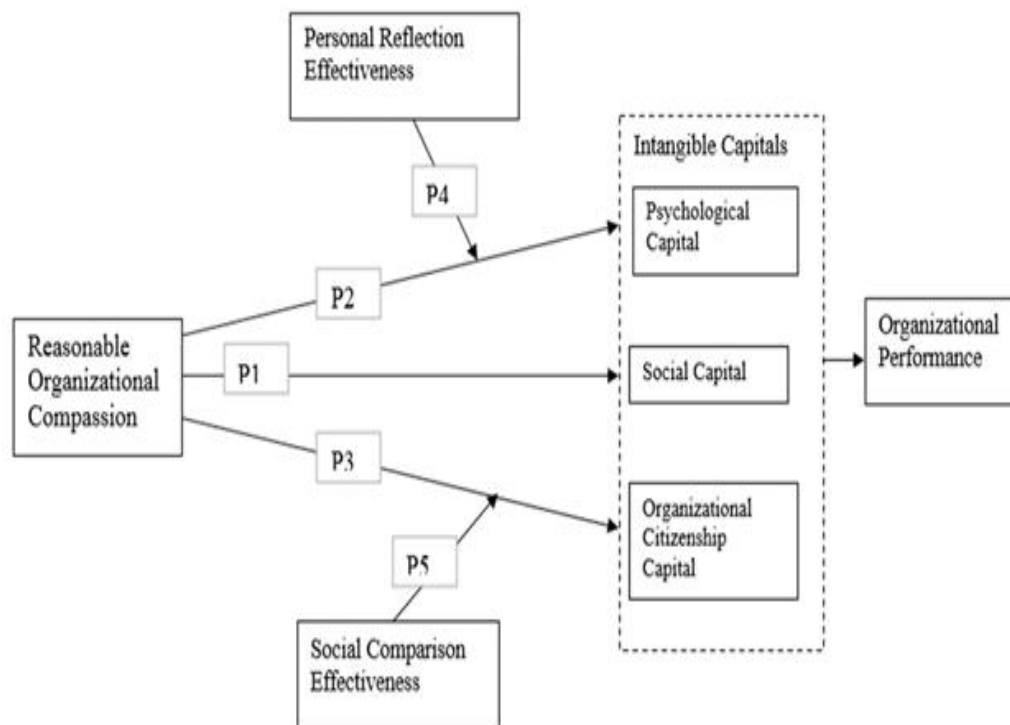### 3.2 Intangible Capitals and Organizational Performance

Figure 1: Reasonable Organizational compassion, Intangible capitals and organizational performance.

Researchers across diverse literatures have theorized and found evidence on the positive impact of different forms of intangible resources and capitals on organizational performance (cf. Carmeli & Tishler, 2004; Galbreath & Galvin, 2006; Griffith et al., 2010; Khanet al., 2019). They have found the impact of social capital on business performance

(Bosmaet al., 2004). Similarly, there is evidence on the impact of psychological capital on employee performance (Luthans, et al., 2008) which can be deemed as one important aspect of organizational performance. Organizational citizenship behaviors, as a manifestation of organizational citizenship capital, have been found to positively influence organizational performance in multiple studies (cf. Bolinoet al., 2002). This abundant evidence supports 'intangible capitals→organizational performance' relationship part of the current thesis (see Figure 1). Therefore, for brevity reasons, as well as to keep this manuscript at a reasonable length, the study does not develop propositions on that part of the conceptual model. Instead, it focuses on investigating the relationship between organizational compassion and social capital, psychological capital, and organizational citizenship capital as well as the moderating variables of these relationships. Note that this is a larger void in the literature in our understanding of organizational compassion and organizational performance outcomes complexity. Thus, in the light of the preceding discussion, first, the construct (independent variable) is defined: Reasonable organizational compassion (ROC) is the degree of kind actions prevalent in an organization which is demonstrated by organizational citizens to lessen the sufferings and address the grievances of others by noticing and empathizing with their sufferings and grievances, through some institutional mechanism while ensuring that such a mechanism does not create any resource-related survival issues for the organization. Henceforth, organizational compassion in this study is used interchangeably with reasonable organizational compassion.

3.3 Reasonable Organizational Compassion and Intangible Capitals

Reasonable Organizational Compassion and Social Capital. Social capital is conceptualized in a wide variety of ways, across various contexts, and at different levels; individual, group, organization, industry, and so on (Fang et al., 2011; Kostova, & Roth, 2003; Nahapiet, & Ghoshal, 1998; Tortoriello, & Krackhardt, 2010). Consistent with other research (e.g., Adler & Kwon, 2002; Gooderham et al., 2011), this study conceptualizes social capital of an organization as a goodwill equity developed through social relations of the agents of the organization; employees, management, and owners, which facilitates access to different resources valuable to the organization. When an organization demonstrates compassion, it is likely to enhance organizational social capital through reputation enhancement.

The significance of a positive reputation for an organization can be hardly overemphasized (Lange et al., 2011). Researchers have advocated that reputation is an important intangible resource for achieving sustained competitive advantage and have found evidence that it generates better financial performance and attracts customers and employees, among other positive impacts (Deephouse, 2000; Lange et al., 2011; Turban & Cable, 2003). Organizational compassion shapes the reputation, i.e., the positive public image of an organization, in multiple ways.

When an organization demonstrates compassion, positive media exposure is likely to ensue. There is evidence that media exposure is one of the predictors of corporate reputation (Wartick, 1992). Whereas the quality and quantity of such positive exposure may vary depending upon the industry, size of the organization, type of the organization, and other conditions, the acts of organizational compassion rarely go unnoticed. A small, startup company might only receive local media coverage while its large corporation counterpart might garner wide attention. The rise of multiple media (TV, internet, Cable, and radio), especially the cyber medium, has further enabled publicity for all firms, irrespective of their size, location, and years of operation. A cursory search of internet would result in highlighted examples of such organizational compassion and ranking of organizations on an 'empathy scale' (cf. Parmar, 2016). Given the contemporary media's role and power in framing the narratives of social issues (Wartick, 1992), the acts of organizational compassion are likely to receive solid media exposure as a representation of social performance by the firm. The accentuation of organizational compassion as a social performance will enhance its legitimacy and be instrumental for organizational reputation enhancement.

Since acts of organizational compassion are socially desirable actions, governmental and non-governmental institutions also often award and acknowledge these actions. We can easily find examples of these acknowledgements, such as 'Compassionate Leaders of the Year Awards' (Compassionate Leaders Circle, 2021). Upon demonstration of organizational compassion, the reputation of an organization can also be expected to be enhanced through word-of-mouth by the employees of the organization as well as by the networks of the people connected to the organization. In fact, a research in public relations field found that compassion increases the organizational reputation (Coombs, W. 1999).

The enhanced organizational reputation, attributed to organizational compassion, in turn, will engender both the quantity and quality of network ties of the organization (Granovetter, 1985). These network ties enable the organization to access a wider resource pool that it values and facilitate information and knowledge transfer crucial to the firm. Shane and Cable (2002), in their new venture financing research, find evidence that network ties have a positive bearing on information transfer and that a firm's access to financial resources is influenced by these ties. Similarly, Levin and Cross (2004) have found the impact of network ties on knowledge transfer. The augmented reputation perceived by many stakeholders as the prominence, and preeminence, of the organization (Rindova, Williamson, Petkova, & Sever, 2005) is likely to contribute in the further expansion and strengthening of the network ties with other stakeholder; such as the suppliers, buyers, certification agencies, media outlets, and public agencies, among others. Therefore, it is proposed that:

Proposition 1: Reasonable organizational compassion is positively associated with social capital.

Reasonable Organizational Compassion and Psychological Capital. A rich body of literature exists on psychological capital, contributed by Luthans and colleagues (Avey et al., 2010; Luthans et al., 2006; Luthans et al., 2004; Luthans et al., 2008). Despite some variations, this literature largely converges on the conceptualization of psychological capital as an individual's positive psychological state characterized by self-efficacy, hope, optimism, and resilience for achieving goals. Accordingly, the psychological capital at the organizational level can be conceived as the aggregate of such characteristics demonstrated by its employees and management in the organization. In what follows, I argue that the acts of organizational compassion lead to the development of better psychological capital at the organization, manifest in the increased hope and optimism of its employees.

First, research across various fields has found evidence that compassion enhances happiness, self-esteem (Mongrain et al., 2011), volunteerism (Omoto et al., 2009), and prompts sharing behaviors (Wong et al., 2021). These desirable outcomes, when experienced by the employees in an organization, are likely to boost aggregate psychological capital. Institutionalized compassion can create a chain reaction of these type of noble acts and positive emotions creating a ripple effect (Barsade, 2002) of hope and optimism in a social collectivity, i.e., the organization. The compassion driven ripple effects of hope and optimism are generated by two mechanisms: reciprocation and corroboration. First, the direct recipients of organizational compassion are likely to reciprocate to other individuals in the social collectivity in the interest of the organization. The tenets of social exchange theory inform us that people do engage in such reciprocations in the similar way they engage in an economic exchange but with no explicit rule of exchange required (Gefen & Ridings, 2002).

When an employee receives such acts of organizational compassion, the others in the organization serve as witnesses. Thus, even if they are not the direct recipient of such acts of kindness, they find their own sense of optimism and hope corroborated and enhanced. Because of the inherent contagion property of emotions (Barsade, 2002; Pugh, 2001), the heightened positive emotions of the compassion recipients are likely to magnify the positive emotions of the witness as well. Therefore, it is reasonable to conclude that when an organization engages in the acts of compassion, a net improvement in the collectively held hope and optimism within the organization is likely to follow. In other words, the psychological capital prevalent in the organization will be enhanced.

This improvement in the psychological capital can be further accentuated based on an interesting experimental research conducted by Allred and colleagues (1997). They discovered that compassion generates a positive sense and regard among conflict negotiators, enabling them to create better solutions and fostering a desire to work with each other in the future. If compassion can generate hope and optimism in the context of conflict negotiations, where some level of distrust is likely to be present, it should generate hope and optimism in regular organizational contexts in a more substantial way because the trust among the agents can be expected to be higher.

Finally, compassion can counteract the production and spread of toxic emotions such as anger, pessimism, and frustration (cf. Chu, 2014; Frost, 2003). These affective states called toxic emotions can be expected in all types of organization, big or small, to some degree which pose consequential challenges to the psychological capital held within the organization. Therefore, the neutralizations to the toxic emotions, through organizational compassion, could generate hope and optimism in the organization. It is acknowledged that mitigating the production and spread of toxic emotions may only partially, rather than fully, translate into the generation of hope and optimism within the organization. Nevertheless, psychological capital will be augmented at various degrees. From the discussion above, the second proposition is stated below as:

Proposition 2: Reasonable organizational compassion is positively associated with psychological capital.

Reasonable Organizational Compassion and Organizational Citizenship Capital. Although organizational citizenship behavior is one of the most researched areas in organizational behavior and management literature (cf. Podsakoff et al., 2009), organizational citizenship capital is an under-investigated research area. Tomer's work (1998) on organizational capital, integrating the nuances of classic agency problem in economics literature with organizational citizenship behaviors, provides a foundation in this literature. His core insight is that organizational citizens and the focal organization can create a trust and commitment relationship where the individuals might even be willing to forgo their self-interest in the interest of the organization. In line with Tomer (1998), organizational citizenship capital in this paper is referred as 'the collective goodwill, commitment, and loyalty of employees prevalent in an organization that manifest in the form of organizational citizenship behaviors (OCB).' In what ensues, I reason that organizational compassion leads to organizational citizenship capital in two important ways: by strengthening organizational identity and by neutralizing counterproductive work behaviors among the employees.

OCB research shows that organizational performance is influenced by the 'extra-role' behaviors of the employees (Podsakoff et al., 2009; Podsakoff et al., 2000). However, because organizational citizenship behaviors are extra-role or discretionary actions, they can only be desired, not enforced (Bergeron, 2007; Bergeron et al., 2013). One way to increase OCB would be to create a direct reward system based on OCB. Although some business organizations do reward organizational citizenship behaviors directly, such as salary increase and promotion (Allen, 2006), it is not a widely held practice. The concept of OCB originated as a discretionary behavior not directly and formally compensated (Organ, 1997). As researchers point out, despite this rich literature on OCB, we know very little about OCB and formal rewards, and particularly the unrewarded OCB (Korsgaard et al., 2010). Organizations may be dispensing with integrating OCB in formal, explicit reward system because it is challenging to monitor and measure objectively (Korsgaard et al., 2010). It is also conceivable that if OCB were tied to reward structures directly, particularly monetary rewards, it might create moral hazards in that 'good citizenship' could turn into a new dispensation of 'an economic exchange subject to negotiation'.

Institutionalized organizational compassion provides a solution to this conundrum; an opportunity for generating goodwill, loyalty, commitment, and promote OCB without the need to measure OCB and avoiding the moral hazards. Because organizational compassion creates desirable psychological states and prompts positive actions among the agents, it will trigger and enhance organizational identity among the employees. Identity literature informs that individuals employ certain 'identity triggers' for identifying oneself with social collectives, such as organizations (He & Baruch, 2009; Kovoor-Misra & Smith, 2008). Organizational compassion is likely to enhance organizational identity in both of its common conceptualizations: (a) employees' self-concept of 'who they are' tied to the social collective, and (b) their perception of the organization itself as a 'social actor' answering 'who we are as an organization' question (cf. Whetten & Mackey, 2002). Organizational identity, thus substantiated with organized compassion (Dutton et al., 2006), is likely to foster affinity, loyalty, and goodwill for the organization. In addition, compassion triggered organizational identity of the employees is likely to be held with greater convictions creating a more substantive organizational citizenship capital. Further insight is offered with an illustration.

Since business organizations are primarily focused on economic value creation objectives, the major narratives surrounding a business organization often include market shares, revenue growths, profit growths, market capitalization and so on. However, even when such economic narratives are critical ones, they are less likely to be strong triggers for organizational identity of employees. For example, The Wall Street Journal reported that Tesla delivered annual profit for the first time in 2020 (Elliott, 2021), after more than a decade of its existence, which by all accounts is a significant economic event for the organization. While an employee of Tesla may feel a sense of accomplishment, it is less likely to augment or trigger organizational identity. On the contrary, if Tesla were to engage in institutionalized organizational compassion, it would bring the 'social side' of the organization to limelight, as a non-routine event but a critical narrative necessary for an identity trigger. An interesting study by Lee and colleagues (Lee et al., 2013) found a strong evidence that team identity induces team loyalty. With a logical extension to the organizational level, we can reason that a strong organizational identity is likely to create a stronger affinity and loyalty to the organization, augmenting the organizational citizenship capital.

Business organizations routinely face counterproductive work behaviors (CWB); conceptualized in the literature as intentional employee behaviors aimed at harming the interests of the organization (Dalal, 2005; Spector & Fox,

2010). The CWBs are often the function of toxic emotions prevalent among employees that exist for various reasons such as a real or perceived procedural and distributive injustice (Spector & Fox, 2010). Irrespective of the underlying causes, these emotions are likely to make the employees think that the organization 'just-does-not-care', prompting them to resort to CWB as a defense, and/or revenge mechanism. I reasoned earlier that organizational compassion facilitates efforts to nullify these toxic emotions (Chu, 2014; Frost, 2003). Nullification of toxic emotions will compel them to reflect upon and revisit the rationalization of their counterproductive behaviors. Thus, organizational compassion transpiring through the toxic emotion nullification, will eventually lead to reduced CWB and enhanced organizational citizenship behavior (OCB). Chu (2014) found evidence regarding the relationship among toxic emotions, CWB and OCB to that effect. Therefore, based on the foregoing discussion, we advance to proposition 3 below:

Proposition 3: Reasonable organizational compassion is positively associated with organizational citizenship capital.

3.4 Contingencies in the Organizational Compassion–Intangible Capital Translation Process

In the preceding section, a case was made for the primary causal relationship for all the derived propositions, but the degree to which organizational compassion transpires to an intangible capital will be contingent on some other factors as well. I investigate two such plausible variables that might moderate the proposed relationships: personal reflection effectiveness and social comparison effectiveness.

The Role of Personal Reflection Effectiveness. The concept of personal reflection has been researched primarily in medicine, education (including management education), and in cognitive psychology domains. Personal reflection has been interpreted and used differently within and across disciplines. For instance, early on, Kemmis (1985) asserted that personal reflection is a historically embedded and action-oriented phenomenon, not merely an internal psychological state. Some researchers deem personal reflection as a cognitive activity that shapes practical reasoning (Phillips, Fawns, & Hayes, 2002). Others view it as an active and purposeful process of exploration and discovery (Gray, 2007). Yet others regard it as exploration and appraisal of one's own and other's experiences to clarify and create meaning (Aukes et al., 2007). Mezirow (1998) conceptualizes personal reflection as 'turning back on experience' that involves an awareness of objects, thoughts, feelings, disposition, intention, action, as well as the ability to consider alternatives.

From these diverse understandings of personal reflection across multiple disciplines, three core elements are gathered: (a) it is mindful thinking, and as such, it is primarily a cognitive activity; (b) the thinking is focused on the experience of oneself or others, and the experience may include events, emotions, thoughts, and behaviors; (c) the thinking is purposeful, to create meaning out of those experiences.

Because personal reflection is mindful and purpose-driven thinking focused on the experiences of the focal actor or that of others for creating meaning, the ability to engage in personal reflection will essentially be heterogeneous across individuals. By extension, the accuracy of these personal reflections will also vary. For example, consider a recent event at a company called Deadspin, that appeared in Vox, in which some employees resigned in mass when their acting editor-in-chief was fired over organizational policy issues by the owners of the company (Campbell, 2019). In this case, some employees found that event to be crucial enough to tender their resignations while others did not. It can be inferred that employees at Deadspin possessed different degrees of personal reflection ability; and some might have more accurately reflected on the event than others did. For some, their affective state, because of their boss getting fired, may have played a larger role in their decision than the objective reality pursuant to the event. In the light of the literature and the illustration, personal reflection effectiveness is thus defined as: a cognitive ability to think back on one's and others' experiences objectively and without emotional attachment in order to create meaning out of those experiences.

The personal reflection effectiveness, prevalent in the organization, will be critical in determining to what extent institutionalized compassion in an organization leads to psychological capital. Recall that psychological capital at the organizational level constitutes the aggregate self-efficacy, hope, optimism, and resilience present in the organization, and it impacts critical organizational variables such as employee turnover (Avey et al., 2009). First, since the acts of organizational compassion are positive events, every actor related with the event must create a positive meaning to enhance the psychological capital of the organization. However, the positive meaning creation will essentially differ across the agents because of the inherent differences in their cognitive ability to process the

information and the dissimilar degree of emotions which will play a role in their meaning creation efforts (Aukes et al., 2007). This will lead to a variation in the enhancement of psychological capital. When an event of organizational compassion is strong, vivid, impactful, and incurs substantial resources, it is likely to force even those with lower personal reflection ability to create a positive meaning. Thus, it is reasonable to assert that a higher degree of organizational compassion coupled with higher personal reflection effectiveness among the agents will result in higher psychological capital.

Second, often the strong positive meaning creations out of the positive events, such as organizational compassion, would require the agents to engage in counterfactual thinking (i.e., thinking on the alternatives of what happened) (cf. Kray et al., 2010). Here, we revisit the earlier example of on-site childcare for employees. An employee who can cognitively process 'what difficulties would befall to a single mom employee if the childcare center were not there' is more likely to create a positive meaning than the ones who did not engage in such counterfactuals. Since it is part of personal reflection ability of an individual, the more employees can engage in counterfactual thinking, the more psychological capital will be enhanced. With the preceding discussion, we consider proposition 4 below:

Proposition 4: The personal reflection effectiveness positively moderates the relationship between reasonable organizational compassion and psychological capital, such that, the relationship will be stronger when the personal reflection effectiveness is higher.

The Role of Social Comparison Effectiveness. Social comparison theory tells us that humans engage in social comparison to satisfy their need for self-evaluation, self-esteem, and to define and refine their self-concept (Argo, White, & Dahl, 2006; Garcia et al., 2010; Zell & Alicke, 2009). The social comparison process allows individuals to assess their abilities, beliefs, behaviors, attitudes, successes and failures, and other similar human attributes and experiences, relative to those of others, to get a sense of their own potentials and/or limitations. Social comparisons are often used to make an effective decision in a complex decision-making context (Bandura & Jourden, 1991). Management and organizational researchers have investigated a wide range of social comparisons processes such as CEO compensation (Belliveau, O'Reilly & Wade, 1996; Ezzamel, & Watson, 2002), pay satisfaction (Sweeney & McFarlin, 2004), fairness issues (Grienberger et al., 1997), and work behaviors (Lam, Van der Vegt, Walter, & Xu, 2011; Vidyarthi et al., 2010), among others. One common and significant challenge in every social comparison process is the 'realism' of such comparisons. That is, how realistic and factual the comparison is, and its implications for various organizationally important variables. Desirable, undesirable, or neutral social comparison outcomes depend, *inter alia*, on the selection of a social referent, also referred to as the comparison target (Shah, 1998; Kulik & Ambrose, 1992), as well as, on the ability of the focal actor to process comparison information accurately (Argo et al., 2006). To begin with, the selection of a referent is likely to be impacted by a variety of situational and personal factors (cf. Kulik & Ambrose, 1992). Therefore, it presents a challenge for the actor to select an appropriate social referent. Second, even when the actors were able to choose an appropriate referent, they must engage in realistic processing of all the related information for a meaningful social comparison. Thus, social comparison effectiveness, in this manuscript, is defined as 'the cognitive ability of an individual to make effective social comparison by choosing an appropriate social referent and by accurately processing all the information surrounding the issue and object of the social comparison.' Below, I proffer arguments why the effectiveness of social comparison is a critical factor for organizational compassion to have a positive impact on organizational citizenship capital.

In proposition 3, recall that the front and center role of organizational identity in organizational compassion and organizational citizenship capital relationship was articulated. Here, I reason that the social comparison ability and the selection of a judicious social referent/target strongly influence the organizational identity development. First, an employee with highly effective social comparison is likely to evaluate or re-evaluate the organization in a positive light against a more realistic social referent. The organizational identity formed after engaging in a realistic evaluation of the organization is likely to be held longer and with deeper conviction, which in turn, will lead to augmented organizational citizenship capital.

Second, let's revisit and broaden our earlier illustration: that the organization which provided the on-site childcare center is a start-up, medium scale enterprise, in need of additional financing for the next phase of its growth, and it does not provide meals to the children, making that the parent's responsibility. Employee X likes the fact that her organization provides the childcare but resents the absence of meal because she read in a newspaper that a big Fortune 500 company provides meals to children in its on-site childcare facility. On the other hand, employee Y

compares her organization with other tens of similar-sized startup companies; reflects on what resources her organization has; and concludes that it is an extremely generous act on the part of her organization. The organizational identity of employee Y will be much stronger compared to that of employee X as a function of social comparison effectiveness. In addition, the organizational identity developed or solidified after effective social comparison is likely to instill a sense of obligation towards the social collective, i.e., the organization. An agent of the organization who feels obligated to the organization owing to organizational compassion is much more likely to harbor goodwill and loyalty that will manifest in the form of various organizational citizenship behaviors (Bolino et al., 2002). Therefore, this leads us to the proposition 5:

Proposition 5: The social comparison effectiveness positively moderates the relationship between reasonable organizational compassion and organizational citizenship capital, such that, the relationship will be stronger when there is higher social comparison effectiveness.

4. CONCLUSION

The primary purpose of this study was twofold: to provide an additional theoretical vantage point in the organizational compassion conversation and to enhance our understanding of how business organizations can deal with the compassion dilemma they face. Accordingly, it developed a theoretical framework explaining the reasons an institutionalized act of compassion in an organization, organized within its reasonable means, leads to augmented psychological capital, social capital, and organizational citizenship capital, and thereby, enhances organizational performance. The case was made drawing on multiple theories and literature streams such as resource advantage theory (Griffith et al., 2010), resource-based theory of firm (Barney et al., 2001), social comparison theory (Argo et al., 2006), organizational reputation (Coombs, W. 1999) and organizational identity (Whetten & Mackey, 2002), among others. Similarly, drawing on phenomenon such as counterfactual thinking, positive meaning creation, identity triggers, toxic emotions, and counterproductive work behaviors, among others, the paper offered insights on the positive moderating role of personal reflection effectiveness and social comparison effectiveness in organizational compassion and intangible capital relationships.

4.1 Pragmatic Implications

Since we know that the failure to address sufferings of employees in an organization eventually results in a compromised or reduced organizational performance outcomes (Rynes, et al., 2012; Shahzad & Muller, 2016), and because organizational compassion can deliver long-term positive performance outcomes for the organization, business leaders should regard institutionalized compassion as an ingredient of optimal resource allocation. They should not take organizational compassion as just some randomized acts designed for public relations theatrics, nor as isolated acts of mercy within the organization. The proposed framework suggests that organizations should look for the affirmative outcomes of their institutionalized compassion on the improvement of intangible capitals. When an organization engages in institutionalized compassion, it should also set up systems to enhance social comparison and personal reflection effectiveness to achieve desired positive results, in terms of intangible capitals and improved organizational performance.

4.2 Implications for Further Theory and Empirical Research

The present study opens further avenues for theory research in organizational compassion and organizational performance literatures. Future theory research should examine other contingencies, besides social comparison effectiveness and personal reflection effectiveness, of the organizational compassion-intangible capitals translation process. It is logical that the type of leadership at an organization, organizational culture, organizational structure, and the industry settings an organization operates in, among others, could play an important role in the translation process. For instance, a transformational leadership vis-à-vis a transactional leadership (Alrowwad et al., 2020) at the helm of the organization is likely to influence this process differently. Further studies should investigate the proactive (engaging in organizational compassion even before the agents make their sufferings known) vis-a-vis the reactive (engaging in organizational compassion after the agents make their sufferings known and expect them to be addressed by the organization in some form) nature of organizational compassion. The consideration of this distinction will provide a more nuanced and bigger picture of the organizational compassion and organizational performance relationship. Drawing from a wide range of literatures, the constructs in the proposed relationships were clearly defined. Empirical researchers should be able to operationalize these constructs and test these

relationships to further our understanding. Both theory and empirical researchers can investigate specific dynamics related with the three intangible capitals and organizational performance outcomes further.

4.3 Caveats and Limitations

A plethora of other moderating variables could either facilitate or militate against the proposed relationships, absent in the presented framework. Similarly, other forms of intangible capitals, for instance, the level of innovation in an organization, could be as much influenced by organizational compassion. Besides some of the major assumptions that were discussed, other assumptions may remain that could have a bearing on empirical research. The overarching theme of this paper depicts organizational compassion in a singularly positive light; however, I am aware that there could be some moral hazard costs of organizational compassion. In our illustration, if any employee spent his work time playing with his child in the child-care center, it would constitute a hazard cost for the organization. The proposed theory/framework should be interpreted against the background that researchers have already been warned about the limitations and complexity of compassion itself (Simpson & Berti, 2020; Simpson et al., 2015). Moreover, the phenomenon such as compassion fatigue (Figley, 2002) should be considered in organizational compassion studies when contextually appropriate.

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