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Strategic Virtues:

Humility as a Source of Competitive Advantage

DUSYA VERA **ANTONIO RODRIGUEZ-LOPEZ**

Including humility and competitiveness in the same sentence may seem an oxymoron to many business leaders. Humility is frequently associated with shyness, lack of ambition, passivity, or lack of confidence. We argue quite the opposite—that humility offers strategic value for firms by furnishing organizational members with a realistic perspective of themselves, the firm, and the environment. In fact, we propose that humility is a critical strength for leaders and organizations possessing it, and a dangerous weakness for those lacking it.

Our perspective on humility can be exemplified by Norberto Odebrecht (founder and now honorary chairman) of the Odebrecht Organization—a successful Brazilian corporation of 36,000 employees working on four continents in several areas of engineering and construction. In an international meeting of the organization's executives, Odebrecht (then chairman) explained that the corporation was delivering outstanding performance. He sounded, however, very concerned. He worried that, precisely because of its excellent results, the company might be at the risk of falling into "the success trap." That is, they might be forgetting the qualities – particularly the virtue of humility – that allowed the firm to become successful in the first place. Similarly, Konosuke Matsushita, the founder of Matsushita Electric Industrial Co. Ltd. in Japan, has been of interest to business writers because of his determination to eradicate complacency and arrogance in his company. Although Odebrecht and Matsushita come from different cultural backgrounds, these two leaders share the belief that developing humility at both the individual and organizational level is critical to achieving success in their industries. Other examples of top-level executives recognized for valuing humility in their businesses are Sam Walton, founder of Wal-Mart Stores; Mary Kay Ash, founder of Mary Kay Inc.; Herb Kelleher, president of Southwest Airlines Co.; Darwin Smith, former chief executive officer (CEO) of Kimberly-Clark Corporation; C. William Pollard, former president and CEO of ServiceMaster Industries Inc.; and Ingvar Kamprad, founder of the IKEA Group.

The purpose of this paper is twofold. First, we address how humility manifests itself in business settings and positively affects firm performance. Second, we offer suggestions to help managers develop the individual and organizational virtue of humility. Although human virtues have been a topic of philosophical debate since early times, they have rarely been the focus of managerial attention.

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In the last five years, the importance of virtue became relevant when highly publicized corporate scandals reminded managers and academics that qualities such as humility, integrity, and honesty are essential for healthy organizations. Despite popular attention, humility is rarely discussed in management or business ethics books and journals. One important exception is the emerging positive psychology movement, led by Martin Seligman, coauthor with Christopher Peterson of *Character Strengths and Virtues*. Positive psychology aims to help people evolve to their highest potential by studying virtues and human strengths – humility being one of them – and shifting the emphasis of the field of psychology away from what is wrong in people to what is right in people. Furthermore, a small but growing group of management scholars have recently suggested important implications of positive psychology for organizational life. Fred Luthans is leading the effort to promote positive organizational behavior (POB), an area that seeks to develop positively oriented human resource strengths and psychological capacities – such as confidence, hope, and optimism – that improve workplace performance. In addition, researchers at the University of Michigan have created the positive organizational scholarship (POS) group, which aims to integrate knowledge and research on organizations under a positive new vision of human relations. This article is aligned with the efforts of the POB and POS fields since our goal is to promote a positive vision of humility as a virtue with strategic value for organizations.

Despite this refreshing trend in the management literature towards greater emphasis on the value of human strengths, humility is still a misunderstood virtue. For example, in *Good to Great*, Jim Collins searched for the factors that helped firms move from good to exceptional performance. One unexpected finding was that greatness was not related to high-profile CEOs, but rather to humble ones. This result was considered remarkably unexpected because humility is not commonly associated with successful strategic leadership.

In contrast to humble leaders, those who are arrogant, narcissistic, egotistical, prideful, selfish, or hubristic are a threat to their firms. For example, the word arrogance is frequently used when discussing the Enron Corp. scandal and Enron's top managers. Donald Burr, founder of People Express Airlines, has also been mentioned as an example of someone caught in the trap of success after he was heralded as an invincible, charismatic leader. Lee Iacocca, initially regarded as the savior of the former Chrysler Corporation, on becoming a celebrity was seen as a dangerous burden to the company. Leadership expert Noel Tichy mentions his own experience in meeting Michael Saylor, former CEO of MicroStrategy, Inc., ''When I look back, I'm struck by Saylor's total lack of humility. The hubris was astonishing, and yet we all got seduced by the arrogance.'' A few weeks after the meeting, Saylor was accused by regulators of overbooking revenues, which set in motion a host of problems for MicroStrategy.

DEFINING HUMILITY

Humility is, first of all, a virtue. In *A Better Way to Think about Business*, Robert Solomon describes a virtue as ''a pervasive trait of character that allows one to fit into a particular society, even to excel in it.'' Virtues are defined socially. For instance, the Swiss society expects its citizens to have the virtue of punctuality. Virtues are dynamic in nature and capable of improvement or deterioration. They manifest themselves differently depending on the context of action. For example, both Katherine Graham (CEO of the *Washington Post* at the time of the Watergate scandal) and General George S. Patton shared the virtue of courage, but it was embodied differently because of the different situations they faced.

In the case of humility, Solomon again provides a definition useful to management: humility is ''a realistic assessment of one's own contribution and the recognition of the contribution of others, along with luck and