


Chapter 3

Moral Capital as a Source of Superior Trust Arrangement With the Target Customer Segment

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ABSTRACT

This chapter explores the strategic role of moral capital as a driver of trust and value creation in modern organizations. As stakeholder expectations evolve amid ethical awareness and digital disruption, organizations must embed moral reasoning into core practices. Moral capital—defined as the trust, credibility, and goodwill earned through principled behavior—interacts with other intangible assets like human, social, and intellectual capital to shape performance. It fosters resilient trust, strengthens stakeholder ties, and supports sustainable advantage. Drawing on business ethics, strategy, and operations, the chapter examines theoretical and practical dimensions at multiple levels. Special focus is given to the digital age, where data ethics, algorithmic transparency, and digital responsibility amplify the relevance of moral behavior. Ultimately, moral capital is presented not just as a normative ideal but as a tangible strategic asset for ethical, accountable, and future-ready value creation.

DOI: 10.4018/979-8-3373-6043-0.ch003

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1. INTRODUCTION

In an era marked by declining institutional trust, increasing ethical scrutiny, and rapidly shifting societal values, the concept of moral capital is gaining traction as a vital resource for modern organizations. Traditionally, business success has been measured through tangible assets and financial performance. However, this narrow lens often overlooks the intangible yet deeply influential role of ethics, integrity, and value alignment in creating sustainable competitive advantage. Moral capital—defined as the accumulated trust, credibility, and ethical goodwill an organization earns through morally sound practices—offers a new framework for understanding how organizations build legitimacy and resilience in the eyes of their stakeholders. This chapter sets out to explore how moral capital functions as a strategic and operational lever in value creation processes. By establishing clear connections between moral capital and other critical forms of capital—such as human, social, and intellectual—it presents an integrated view of how ethical behavior permeates decision-making, performance outcomes, and stakeholder relationships. The chapters that follow examine not only the philosophical and theoretical underpinnings of moral capital but also its real-world applications in diverse sectors, including finance, healthcare, technology, and digital business. In particular, the volume investigates how moral capital enables superior trust arrangements with customers, enhances resilience during crises, and supports ethical innovation. It also addresses the growing importance of moral capital in the digital age, where issues of data ethics, algorithmic accountability, and AI governance challenge conventional business models. By illuminating the often-overlooked linkages between moral capital and value creation, this chapter aims to contribute meaningfully to ongoing discussions in business ethics, strategic management, and organizational development—offering scholars, managers, and policymakers a clearer roadmap for leading with integrity in a rapidly evolving world.

2. CONCEPTUAL FOUNDATIONS OF MORAL CAPITAL

Moral capital, rooted in disciplines such as moral philosophy, sociology, and political economy, represents an organization's accumulated ethical goodwill based on consistent, values-driven behavior over time. Unlike social or reputational capital, which may be transactional or image-based, moral capital is grounded in deeply held ethical commitments that guide decisions and shape stakeholder perceptions of trustworthiness. It encompasses normative dimensions such as fairness, integrity, and virtue, which not only influence internal culture but also legitimize the firm's role in society. It is stated here that while the accumulation of moral capital resem-

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