Business ethics, like most areas of ethics, often tends to focus on principles of action, on the action itself and its consequences. The most common contrast, typically presented as the focus of debate on most ethical issues, is between Kant and “deontology,” on the one hand, and Bentham, Mill and “utilitarianism” on the other. The former focuses primarily on the principles of action, on their universality and justification; the latter focuses on the consequences of action, their goodness or badness (relative benefits and harms). Over the course of the last century or so, this debate has become quite subtle and sophisticated, and both deontology and utilitarianism have become quite subtle and sophisticated in turn. In business ethics, as in most areas of ethics, it is generally agreed that all three elements – the principles of action, the action itself and the action’s consequences – must be taken into account. However, there is another option, not adequately covered by either deontology or utilitarianism, and that is what has recently come to be called “virtue ethics.” Virtue ethics focuses not so much on principles or the consequences of action, nor even the action itself so much as on the agent, the person who performs the action, in the light of the circumstances and all of his or her other actions. One might say the focus is on the person’s character, or alternatively, on those traits of character expressed in this and other actions, his or her virtues.

Virtue ethics has been suggested as a complement to traditional moral theory, and it has been defended as a radical alternative to traditional theory. The more moderate version insists only that traditional moral theory leaves something essential out of the account of our moral life, and virtue ethics will supply this. The more radical version insists that traditional moral theory has it all wrong. It is not just that questions of virtue and character are typically left out or pushed to the margins of deontological and utilitarian theories of ethics; questions of virtue and character undermine deontological and utilitarian theories, and show their accounts of moral life to be bankrupt, and their vocabulary of goodness and rightness to be misleading if not fraudulent. Here, we will consider only the moderate version of virtue ethics.

The most famous virtue ethicist, and in many ways still the starting point if not also the continuing focus of discussion for most virtue ethicists, is the great Greek philosopher Aristotle (384–322 BCE). In his Nicomachean Ethics (1954), Aristotle laid out a system of virtue ethics which still remains the starting point, if not the model, for most virtue ethicists. A virtue (areté which can also be translated as “excellence”) for Aristotle was the “mean between the extremes,” which was something more than the usual...
Greek emphasis on moderation. Examples were courage (between cowardice and recklessness), temperance (neither gluttony nor prudishness) and justice (neither too much nor too little). Many of the virtues were traits that promoted congeniality, for instance, wittiness and friendship. Aristotle was, in essence, describing his own Athenian society — or at least his idealized version of what society could be. So, too, virtue ethics tends to begin within an established tradition or culture and pay attention to the specific attributes that are admired in that tradition or culture. This naturally raises the specter of “relativism” — the idea that there may be very different virtues in different societies — and, to be sure, we find very different virtues in, for example, the Homeric Greece of the Iliad, Aristotle’s Athens, the medieval monastery, at IBM or at Microsoft, Inc. It does not follow, however, that there are not some non-relative virtues, virtues that can and must be found in every human society or institution, just because of the kind of creatures we are.

A very different and much more radical virtue ethicist is the nineteenth-century German philosopher Friedrich Nietzsche (1844–1900). In contrast to Aristotle, who insisted that the virtues are those traits that help us to get along and be congenial with one another, Nietzsche emphasized more solitary, artistic and (at least in his metaphors) warrior-like virtues, such as independence, creativity and risk-taking. In business ethics, we can recognize the difference in terms of the difference between the good corporate citizen and the entrepreneur. Of course, we would like to think that a person could have both sets of virtues, but this is a matter of some controversy. Aristotle defended a thesis often called “the unity of the virtues,” in short, the idea that the various virtues support and reinforce one another, and do not come into conflict. The good person has them all. Nietzsche, on the other hand, argued that everyone has his or her own unique virtues, and that the virtues are often at war with one another. In Aristotle, the overriding image is one of living in harmony; in Nietzsche, the image is rather one of individual assertiveness. They provide us with two very different pictures of the virtues, reminding us that agreement on the importance of virtue ethics is by no means an agreement on what are to count as the virtues.

We might note that there is another ancient virtue ethicist who has been far more influential than Aristotle and Nietzsche put together, and that is Confucius (551–479 BCE). Chinese society, like many non-Western societies, might well be characterized as “virtue” societies, in which good-upbringing, good habits, good “instincts,” are considered at least as important as rules and considerations of the public good (to which, however, they are conducive). Confucius taught the way to universal harmony (Tao) through right action (Jen) in harmony with others (Yi). The virtues, particularly the virtue of “filial piety,” were central to this vision.

Two important modern virtue theorists, one with special significance to business and the free enterprise system, are David Hume (1711–1776) and Adam Smith (1711–1776), both Edinburgh Scots who together (with several others) became known as the “moral sentiment theorists.” They defended a portrait of human nature in which “fellow-feeling” and “sympathy” played a role as important (if not always as dominant) as self-interest, and in which the virtues were important as both pleasing and useful. It is of considerable importance for business ethics that Adam Smith (1880, 1948) preceded his writing of Wealth of Nations, the “bible of capitalism,” by publishing his Theory of the Moral Sentiments, in which the two basic virtues of any decent society
including, especially, modern market society, are justice and benevolence. Advocates of Adam Smith’s economics too often ignore his ethics, but the former is unworkable without the latter.

One might argue that “our” ethical tradition is built around the importance of moral principles in ethics, formally stated rules. Examples range from the Ten Commandments in the Old Testament to the policy of “government by laws, not men” put into practice by the framers of the US Constitution. However, this emphasis on principles is not the whole of ethics, and there are many systems of ethics which do not place such stress on principles at all. Aristotle’s Athens and Confucius’ China, as opposed to the Jerusalem of the Judao–Christian tradition and Nietzsche’s Germany, is like this. Virtue ethicists would argue that what is essential to ethics, even within the Judao–Christian tradition, is not universal rules and objective rational principles but rather an established way of doing things, a shared sense of value and significance, shared heroes and role models, a clear sense of what sort of a person one should be. Jesus, both as an example and as the exponent of an ethics of love, has often been considered such a figure.

With this in mind, the question of heroes and role-models, particularly in business, should concern us. What does it mean, for example, that recent management books extol the virtues of Attila the Hun and Machiavelli? What does it mean that our business heroes are often high-flying financial wheeler-dealers rather than good corporate citizens or creative entrepreneurs?

Essential to understanding most human activities is the idea of a practice – a shared cooperative activity with mutually understood goals and ways of doing things – and an idea of excellence in that activity, both in the sense of the specific skills and talents required for the activity, and in the sense of the more general traits and habits that make the activity possible. A game like football or soccer, for example, is first of all a practice. It also has rules, of course, but to think of the rules as defining the game is to get the account backward. The rules clarify the implicit understandings that make the game, the practice, possible. Everyone who plays the game understands that the objective is for the ball to go over the goal line while facing the opposition of the other team, within the “bounds” of the game, both the spatial boundaries circumscribing the field and the boundaries understood in terms of fair play. The rules clarify this; they delineate the various possibilities that enable one to pursue the objective (scoring, winning) without ruining the game. (Killing opposition players or destroying the ball mid-play, for example, would have this effect.) However, it is the practice that determines the excellences or virtues required for the game.

Each game has its characteristic activities – running, kicking, passing – and each of these is an invitation to excellence. It is not as if one is just able to run, kick or pass, but one does so well or badly, better or worse. Excellence is doing it best (although one should not leap to the conclusion that “best” necessarily means “best of all, one and only,” nor should one retreat to the well-meaning but slightly defeatist attitude of “best that one can do”). Accordingly, every game has its exemplars or champions, whom both players and spectators admire. Those players excel in both the specific skills and activities and the more general traits and habits that make the game possible, such as a keen sense of competition and a sense of good sportsmanship. Without the specific skills and talents, the game becomes something of a joke, but without the more general traits, the game may become a battlefield.

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Virtue ethicists, naturally, are interested in the most general traits, those that make all human activities, and harmonious human society, possible. One might think of society as a grand set of social practices, and the virtues, most generally, as those traits which, at their least, make the society civilized and workable and, at their best, make those who are virtuous and, perhaps, the society itself exemplary. One does not find the virtues outside of all social contexts and practices. Generosity, on a desert island, is no virtue at all. (On the other hand, generosity, in a society in which everyone already has more than enough of everything, is no virtue either.) “The virtues,” as we usually use that term, refer to the most general, non-specific character traits that support the most general, non-specific social practices. Thus, trustworthiness and honesty are considered virtues, because they are crucial to almost any human interchange. Being able to kick a ball brilliantly or being able to scrutinize a corporate annual report are much more specific excellences and would usually not be counted as “virtues” at all.

The difference between “excellence” and “virtue,” however, is by no means clear. The most general virtues are sometimes distinguished by being called “moral” virtues. There are also, on this account, “non-moral” virtues, for example, congeniality, or a good sense of humor. So, too, some business ethicists would insist on a distinction between business skills and business virtues, and this raises much the same question as whether there is a useful distinction to be made between moral and non-moral virtues. Are congeniality and charm, for example, merely “people skills,” or are they moral virtues? Aristotle would probably not endorse any such distinction. (He often modeled his account of the virtues on comparisons with the craftsman’s skill.) Nevertheless, he included in his list of virtues only those virtues that made a person a good citizen and a good neighbor (“a good person”) and not those more specialized excellences that made one a good farmer, craftsman or soldier.

Business ethicists, understandably, are especially interested in what general traits allow the market, the free enterprise system, to work at full efficiency and which traits allow the market to work harmoniously in the midst of the larger society. These may, or may not, be identical (an empirical question). An efficient market, but at odds with the needs and interests of the rest of society, will be terminated. (Consider the forced closing of some markets in the midst of war or natural catastrophe.) On the other hand, it is one of the articles of hope, if not faith, that an efficient market that is harmonious with the rest of society will turn out to be the most prosperous and most happy of all societies. Whether this is so is an experiment still in the making. If the conclusion of that experiment is anything like what Adam Smith promised, the virtues of a successful business person and those of the exemplary citizen would be identical.

Needless to say, this is not a proposition, speculative as it is and contrary to some disturbing trends in the increasingly industrialized world, that is universally accepted. It has been argued by several recent authors that the virtues of business – competitiveness, individualism, economic self-interest – are destructive, and, in particular, destructive of a sense of community. On the other hand, arguments carried over from the eighteenth and nineteenth centuries, take business to be a highly civilizing activity and the prosperity provided by business to be the dominant factor in the economic well-being that supports and encourages social harmony. These issues are far too complex and controversial to be dealt with here, but it is important to mention them.
How one ultimately judges business ethics and virtue ethics in business will depend on how one thinks about these weighty issues. Insofar as business virtues are destructive of, or incompatible with, community, they will not be virtues; but insofar as business virtues are conducive to community, they will turn out to be very important social virtues.

Nevertheless, business is a distinctive practice and, as such, we would expect it to have some (more or less) distinctive virtues, something less than the most general virtues of the good citizen but more general than the specific skills – accounting, financial planning, marketing, managing – that make for success in business. Thus, among the business virtues, we would expect to find special versions of honesty, courage, temperance and justice. Honesty, for example, would be most important in the making and drafting of agreements, whether they had to do with the hiring and treatment of employees or dealing with customers or other companies. A special concern, of course, is advertising. Telling “the whole truth and nothing but the truth” (“our product isn’t significantly different from its competitors, but we have our own attractive label on it”) would be foolish. Lying, on the other hand, is unacceptable, and the ethical and practical challenge is finding the “mean” between imprudent truth-telling and prevarication. What is special to virtue ethics is not, however, the search for a general criterion for proper honesty. It has rather to do with the motives and habits of the person, whether he or she thinks in terms of “putting one over on others” or rather thinks in terms of the fairness of the situation, what information is appropriate to the relationship and the occasion, and “what an honest person would do.”

So, too, courage, in business situations, takes on a number of forms, ranging from the willingness to assume risk (whether in investing or investing one’s time or one’s trust) to the special virtue of “moral courage,” being willing to take a stand, even when there are serious threats to one’s job, one’s prospects, or one’s career.

Temperance in business refers to one thing above all, and that is having a reasonable set of expectations and desires. The opposite, the virtue’s corresponding vice, is greed (or avarice). Not being greedy (to put it negatively) is, perhaps, first and foremost among the business virtues. Typically, it is because of greed that people cheat, lie and act unfairly. With more reasonable demands and desires, the limits imposed by the other virtues come more clearly into focus. Finally, justice is an especially complex virtue in business, in part because of the complexities of the market. On the one hand, justice depends on merit: hard work, quality products and good ideas, taking care of customers. We think it unjust, for example, if the inventor of a product or the people that produce it do not enjoy a share in its rewards. On the other hand, we recognize that the market has a good deal to do with luck, and hard work is not always rewarded. Again, justice as a virtue is not to be conflated with that general philosophical search for abstract principles and policies. Aristotle saw quite clearly, for instance, that prior to adopting such principles and policies, a person must have a “sense” of justice and the desire to be just.

On rules: In business, one might say that the practice is defined by the activities of exchange and making contracts, while the rules (that is, legal regulations) clarify and codify that practice. However, not all need such codification, and the underlying insight of virtue ethics is that the richness of our pre-legal understanding overflows the possibility of clarification.
Some business virtues are easily misunderstood. The much celebrated virtue of “toughness,” for example, is often conflated with ruthlessness, or with stubbornness, or with general hard-headedness. As a business virtue, however, toughness makes sense and is successful only within a context more broadly defined by cooperation and congeniality. A business is not a slave ship. Toughness, as a business virtue, presupposes other virtues as well.

Generosity is a virtue that is often denied to business, on the (false) theory that business people tend (more than most) to hold onto their money and ask, “what do I receive in return?” In fact, business people in general tend to be very generous, both as individuals and as members of corporations. Indeed, the overwhelming success of business is the modern world has meant that the ancient concept of noblesse oblige – the obligations of the nobility (here, the wealthy) – has passed onto the corporate world. Those who have are expected to give, in short, and give they do. Generosity, although not, perhaps, to the detriment of profits, has become a business virtue.

One of the more interesting complications of the introduction of the virtues into ethics is the complicated moral status of people who do not obey the rules but nevertheless emerge as heroes and exemplars. For example, there is that figure whom we might call the rogue. Some rogues – Robin Hood, for instance – might be morally defended as appealing to a “higher” morality than the laws of the land, but many of the heroes in American movies, for example, have no such thought in mind. They may simply be asserting their own freedom, or fighting for an idea. Yet they retain our admiration because of the characters they are. On the more respectable side of business, we find general admiration for the entrepreneur, the maverick businessman who takes high risks to launch a new idea or product on the market. The entrepreneur too is a rogue. Abraham Zeleznick (1989), a professor at the Harvard Business School, has written that “to understand the entrepreneur, you have to understand the mind of a juvenile delinquent.” Nevertheless, we have no hesitation speaking “entrepreneurial virtues,” so long, of course, as they do not seriously undermine even more basic virtues that are required for a decent society. (Entrepreneurs need to be ingenious; they are not supposed to lie or cheat.)

One feature of the virtues that is worth mentioning, and common to Aristotle, Nietzsche, Confucius and the Moral Sentiment Theorists, is the fact that they are cultivated responses and actions which may, at the time, require no deliberation whatsoever. Indeed, where deontology seems to require at least some deliberation in order for us to be acting on principle and utilitarianism encourages, even it does not require the calculation of utilities, the expression or manifestation of a virtue seems to require little or no thought. One acts “spontaneously” whenever the appropriate occasion arises. The truly honest person probably never even thinks of lying. The virtues, accordingly, do not as such require deliberation. Indeed, too much deliberation – “Should I be generous? Am I supposed to leave a 20 percent tip or can I get away with less?” – is evidence that one does not have the virtue (generosity) in question.

Many of the virtues become ridiculous if they are preceded by the sorts of deliberation encouraged by moral theorists. One does not display a sense of humor by coming to the realization that one ought to laugh. Of course, there are virtues that involve moral principles and a thoughtful person might well generalize about his or her virtues, or formulate various “rules of thumb,” but the focus on the virtues is not primarily
concerned with such thoughts and guidelines. Rather, it is the hallmark of a virtue that it be ingrained in one’s character and – perhaps after years of cultivation and practice – seem perfectly “natural.”

So, too, the virtues tend to undercut the distinction between altruism and egoism or selfishness that has been so much the preoccupation of moralists and moral philosophers. A generous person may take delight in the well-being of others, but he or she need not do so. He or she may simply be generous, one might say overflowing, or take great pride in being a generous person. One can try to raise the objection that such proud self-concern undermines or cancels out the generosity, but here the objection seems to lose its force. To be generous is to act and to be motivated by generosity, but no further claim need be made distinguishing self-interest, altruism and concern for others. To say that a person has a virtue is not to invite an investigation into his or her motives, or the consequences of virtuous action. If a person routinely acts courageously, one is justified in calling him or her courageous, and whether an act of courage has good or disastrous consequences for oneself or for others, it is, nevertheless, an act of courage. Of course, every such claim is defeasible if one discovers some unexpected ulterior motive, but we need not dig into the depths of the soul and demand some purely virtuous or public-spirited motive.

What counts as a virtue depends on the nature of the society in which it is embedded as well as on the overall character in whom it plays its role. Insofar as Hume is correct in saying that a virtue is a feature that is particularly pleasing and useful to others, it certainly depends on the nature of the context and the culture of the society in question. What was pleasing to Hume and his gentlemen friends in Edinburgh were, understandably, the virtues of a gentleman. What was pleasing to Agamemnon on the battlefield in front of the walls of Troy was a set of virtues that were certainly not gentlemanly. The fact that a virtue must be considered admirable within the context of one’s particular society means that the virtues may well vary from context to context, whether they serve some specific practical function such as having good business sense in the corporate world, or knowing how to handle snakes on a snake farm, or because they appeal to the particular ideals of a culture. Being devout and faithful will be among the greatest virtues in a religious society. Being creative and even eccentric will be virtues in a society of artists or academics in which originality and individuality are conducive to creativity, while being honorable and acting honorably will be among the highest virtues in a society such as Japan, in which proper behavior is often precisely described and public shame is worse than (or equivalent to) death.

Virtues can become out-moded. Being able to fight well with a sword and being “the fastest gun in the West” are no longer virtues in late twentieth-century America. At most, they might be salable skills in Hollywood. Having the talent to be a crack computer programmer would not have been a virtue during the Trojan War and having a superb sense of humor would not have been a virtue in a medieval Carmelite monastery. The aging of virtues is almost always resisted and deplored as a loss of values, but the truth seems to be that as societies change – and not necessarily for the better – the virtues will change too. So, what once was a virtue may well become a vice, and what was a vice for one generation may well become a virtue for the next. Indeed, the most striking thing about the virtues is how they vary from culture to culture and through history.
This raises the difficult question of relativism, whether the virtues are indeed “relative” to the values and customs of a given society or whether there are at least some non-relative virtues that are essential in all societies. Those aspects of society which are necessarily shared – for example, the need to cooperate and live together, the need to supply the members of society with the necessities of life, the need to protect the society against foreign intruders and natural disasters, the need for dependable communication within society – all of this would suggest that, indeed, there must be such non-relative virtues, although, to be sure, with local variations and interpretations, such as courage, honesty, generosity, congeniality.

In a business society, in particular, trustworthiness and cooperation would seem to be non-relative virtues, that is, essential to any form of market (or non-market) society, and this would be so no matter how much the opposite virtues, of cleverness and competitiveness, are highlighted. Even the most devious business dealings presuppose an atmosphere of trust, and competition is possible (as in games) only within a context of general cooperation. One might say that the bottom line of the virtue approach to business ethics is that we have to move away from “bottom line” thinking and conceive of business as an essential part of a society in which living well together, rubbing along with others, and having a sense of self-respect are central, and making a profit merely a means.

References

Further reading