

A ROLE FOR VIRTUE ETHICS IN THE ANALYSIS OF BUSINESS PRACTICE

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Abstract: This article explores differences in the ways in which utilitarian, deontological and virtue/arectic ethics treat of act, outcome, and agent. I argue that virtue ethics offers important and distinctive insights into business practice, insights overlooked by utilitarian and deontological ethics.

There has been a recent resurgence of interest in virtue ethics, particularly in the contribution of such ethics to understanding, evaluating and guiding business practice. While I concur with those who think that virtue ethics does have much to offer in this respect,¹ I think that some of the recent discussion of virtue ethics has been less clear than it can and should be. In this paper, I will try to shed some light on these confusions and then close with a few thoughts on the distinctive contribution virtue ethics can make to business ethics.

Let me begin by separating several key topics or issues that often arise when virtue ethics are discussed in a business context:

- 1) What is an ethic of virtue, and how, if at all, does it differ from the other ethics offered by deontologists, utilitarians, Stoics, etc?
- 2) What is the relation among these various ethics? In particular, does virtue ethics ground these ethics or vice versa? Or are the ethics equally fundamental and thus best viewed as complements to one another?
- 3) If each ethic offers discrete and distinctive insights into what constitutes moral human behavior, what contributions does an ethic of virtue offer?

While distinct, these three questions are clearly interrelated in a number of ways. For example, what insights each ethic offers depends upon the tenets of that ethic. However, since my space here is limited and since the second question of the foundational status of the various ethics is quite complex, I will limit my comments to the first and last questions concerning the character of virtue ethics and its value in the study of business practice.

The Relation of Virtue Ethics to Other Ethics

Given that every action is performed by an agent and has an outcome, every ethic in some fashion must treat of outcome, act and actor. This observation has led some to conclude that the various ethics are best seen as differing according to where they put their primary focus. Thus virtue ethics is sometimes described as emphasizing the character traits of the agent, while utilitarianism concentrates on outcomes and deontological ethics on the act itself. However, this description of virtue ethics is somewhat misleading because outcome and act are central to the workings of a virtue ethics such as Aristotle's.² For Aristotle, character

development is an inevitable outcome of the act. Consequently, outcomes are every bit as important in Aristotle's ethics as they are in John Stuart Mill's. The crucial difference lies in how outcomes are conceived. Aristotle, who views every act as inevitably developing a character who performs an act well or poorly, will not treat an outcome in isolation from past and future outcomes. An outcome is not just a consequence of an act but a consequence for one or more agents engaged in a series of actions. Act utilitarians, by contrast, will often focus on outcomes of one act in isolation from the outcome of other acts.³

Similarly, Aristotle cares every bit as much as a deontologist about the act itself. His system places tremendous weight upon the act because life itself is an *energeia* or activity of performing various acts. A good life is a happy life and a life will not be happy unless virtue is put into practice through a whole life. This is why Aristotle insists that the sleeping man is not happy, even if this man possesses some virtues.⁴

Rather than seeing virtue ethics as stressing the agent, it is, I think, more accurate and revealing to say that for the virtue ethicist no true description of what an act is can be given without considering 1) what thought processes are or are not reflected in a proposed or performed act; and 2) what further consequences that act has for that particular agent's ability to appropriately think through and then perform future acts. While Kant can judge suicide immoral on the ground that suicide is an irrational, self-contradictory act which would destroy the very self who is supposedly better off dead, a virtue ethicist will not consent to this context-free description of suicide. Aristotle, for example, distinguishes suicides from passion from other suicides⁵ presumably because he wants to leave open the possibility that some suicides in some situations may be perfectly rational—e.g., if one is a Jew on the way to the concentration camps who has exhausted every avenue of escape and who foresees a future in which all self-directed action is impossible in a state which denies that the Jew is a self and gives the Jew no voice in state policies. Killing oneself under this circumstance can be seen as a free act of self-preservation rather than an act of self-destruction in a state which would deny the status of self to the agent in question.

In other words, what suicide is—the morally relevant description of the act—cannot be stated apart from looking at the particular reasoning of the particular agent about particular circumstances now prevailing or likely to obtain in the future. Judging the Jew's act without considering all of these particulars would be a failure of equity. The good judge always judges with equity in a virtue ethic.⁶ Since equity is not a virtue for Kant and does not enter into cost/benefit calculations of utilitarianism, the virtue ethicist's concept of the act being judged will always differ from that of other ethicists.

Given the need to analyze all of these particulars, a virtue ethicist will deny that there is or can be a mechanical algorithm for making a decision. Thus, while I would like to believe that we ethicists could take the insights of virtue ethics and readily combine them with modern decision theory to get a richer account of human behavior, I am not optimistic that we can do so. Decision theory (or at least that variant dominant in economic analysis) offers a single, rather mechanical, view of practical reasoning. Agents are seen as making expected value

calculations (i.e., assigning various probabilities to different outcomes.) While these agents can be distinguished according to whether their assigned values reveal them to be risk-averse, risk-neutral or risk-loving, their process of reasoning is formally identical. Agents differ primarily in their attitude toward risk.

For Aristotle, by contrast, practical reasoning assumes different forms depending upon whether the agent is virtuous or vicious. He insists, for example, that the vicious man does not deliberately choose.⁷ To our modern ears, this claim sounds odd. Surely Iago deliberately chooses the destruction of Othello just as certainly as Saddam Hussein chooses to bomb the Shiite Muslims. However, Aristotle is loathe to call such acts deliberately chosen because they do not fulfill the human mind's capacity to render what is implicit in an act explicit.⁸ The ability to think through the meaning of a proposed act (e.g., genocide) is uniquely human, and it is this uniquely human capacity which the virtuous person exhibits in full. While Saddam Hussein has cunning, can figure out means to an end and can assign risk probabilities to various outcomes, such reasoning should not be confused with the qualitatively different sort of reasoning Hannah Arendt or Dietrich Bonhoeffer engaged in when they considered what man is, what a community is, how an act relates past to future and then decided on the basis of their insights to resist the Nazis. Mere cunning takes the end as given; deliberative choice, by contrast, explores and articulates the end at the same time as it considers how and whether the end should be pursued.⁹ To put the same point more contentiously, from a virtue ethicist's perspective, utilitarian thinking is merely "logistical" (i.e., cunning) and, as such, resembles the thinking of evil men.

There is also a major difference between how virtue ethics and other systems conceive of an ethically good action. Suppose for a moment that a CEO is considering whether the company for which she works should give money to a public charity. From the utilitarian perspective, the CEO will have acted well if she considers whether this act of corporate giving or corporative giving as a rule promotes the greatest happiness of those affected by the act. For the virtue ethicist, however, the CEO will behave well if and only if she is brutally honest with herself about her desires and her options in the case at hand. She must consider not only the effects of corporate charity but also the relative merits of other possible alternatives to corporate giving (e.g., private giving by employees; higher taxes paid to the government who then doles out money to various groups; payment of these funds into an employee health fund or pension fund instead, etc.) Furthermore, she must also ask herself whether her arguments are being made in good faith.¹⁰ For example, if she finds many reasons for corporate charity, she must also reflect on whether she is perhaps secretly favoring this course because she knows her husband wants to go to gala charity benefits and to get his picture in the papers. In other words, truly good and noble behavior requires looking at one's motives for thinking some argument is compelling, not merely in simply lining up reasons pro and con for a particular course of action. What one finds compelling is not merely a matter of greater number of arguments but of one's psychological profile. Therefore, for the virtue ethicist, this profile must always be under scrutiny at the same time as one is evaluating reasons for an action.

I am not here arguing that virtue ethics has the right view of choice and other ethical systems the wrong view. Rather I am maintaining that there are profound differences in how the various ethical systems understand concepts as basic and central to ethics as practical reasoning and the truly good act and that their views may be mutually exclusive. It would seem, for example, that practical reasoning either is or is not identical with calculative reasoning/cunning. Taking virtue ethics seriously will probably mean that one ultimately has to choose one system over the other. I have trouble seeing how one is going to combine bits and pieces of the various theories into a satisfying whole.

Virtue Ethics' Distinctive Contribution to Understanding Business

Of course, if we do ultimately have to choose between theories, we have all the more reason to struggle as hard as we can to understand what is distinctive about each theory. Virtue ethics can add to the understanding and regulation of business behavior in at least six ways.

First, virtue ethics focuses on the conformity between right thinking and desire.¹¹ In this respect, it differs from a deontological ethic which always run the risk of developing schizophrenic agents who are compelled to do what duty dictates irrespective of whether they want to perform that act. The virtuous agent simply is the person habituated to desire to do what is good and noble. Indeed, having such a desire is for Aristotle both a requirement and sure sign of virtue. Virtue ethics has the merit of not demanding of people a divided attitude which is hard to maintain and perhaps even unhealthy (Recall that "health" is related to wholeness¹²).

Second, virtue ethics treats virtue as a manifest, perceptible feature of action. Virtuous acts are *kala k'agathos*. That is, they are noble (*kala*) as well as good (*agathos*) with *kala* meaning something like "visibly fine." For the virtue ethicist, it is possible to identify people within a corporation who are acting virtuously and therefore one can establish some persons as role models. These role models can then be appealed to when inculcating virtue. No such role models are possible within, say, a Kantian deontological system since, as Kant repeatedly insists, one cannot know another's motives and consequently cannot tell whether a given act is in fact done from good will.¹³

Third, virtue ethics conceives of human activity as continuous. Past actions, by molding character, become the cause of future actions. Virtue ethics are useful therefore for thinking about the lifecycle of a business. One will not simply focus on whether a particular act of a firm is right or wrong but will consider instead which past decisions of which people have led to a crisis and reorganization. The virtue ethicist will not merely want to evaluate whether Salomon Bros. acted wrongly in using customers' accounts to purchase government securities in excess of Salomon's legal allotment but will also want to look at what features of the environment at the firm led to the recruiting and retention of traders who would treat customers in this fashion and who felt justified in buying as many bonds as they could. For the virtue ethicist, the issue is less whether one can universalize a maxim to buy more bonds than the law allows

than what features of Salomon's practices led to a general pattern of contempt for persons—e.g., throwing phones at passerbys on the trading floors, promising employees no layoffs only to fire them the next day, making sexually derogatory remarks, and so forth.¹⁴ Only when one has thought about this whole pattern of behavior will one have a full and rich understanding of what, if anything, is wrong with the traders' bond purchases and will one know how to respond to their action.

Fourth, virtue ethics stresses the importance of individuals being able to make contributions of value to a society or communal enterprise. For Aristotle, people can be fully just only insofar as they participate in exchange.¹⁵ The just person must be able to offer some act or service which will make others want to interact with him. Only when people are able to so interact does one have a healthy, thriving community. Deontological systems, by contrast, can lead to a passive citizenry because deontologists have tended to unpack the notion of justice in terms of agents' rights rather than their responsibilities to act. Rights are something a citizen, human being or rational being has or holds; one does not have to *do* anything with them. (Think, for example, of property rights).¹⁶ On the contrary, the onus to act is usually placed on other people to do something for the rights bearer. If you have a welfare right to a job, then the just employer has to provide you with a job. It is, of course, very easy for an agent to assert some welfare right and to then point the finger at persons who allegedly have violated that right. Much energy is expended in lawsuits and in assigning blame rather than in getting on with the business of producing the wealth necessary to fund many of these supposed rights—e.g., the right to health care, the right to a job, etc.

Fifth, virtue ethics preserves a role for excellence and helps counter the leveling tendency of deontological ethics. The Kantian deontologist O'Nora O'Neill argues, for example, that competitions in which the winner intends to win are immoral because winner and loser are not treated with equal respect.¹⁷ Virtue ethics, by contrast, celebrates the human capacity to develop a noble soul in and through friendly competition. One can interpret Aristotle's virtues as the habitual traits necessary to both produce and enable an agent to take a stand against others (courage) and to stick with the stand even when tempted by pleasure to deviate from it (temperance). A thriving agent intent upon excellence must also have the willingness to give up material assets for important causes (liberality). Self-confidence and esteem (Aristotle's "proper pride") are also necessary to attempt difficult projects and deeds to be accomplished with a sense of perspective (Aristotle's virtue of "wit"). Anyone in search of excellence will do well to consider each of Aristotle's virtues and their relation to a competitive agent's or firm's ability to formulate challenging plans and to sensibly execute them in a world of demanding exchange partners.

Finally, virtue ethics stresses that people become what they are within a community. The community's political regime and laws dictate the education, the freedoms, the opportunities and, in general, the conditions for actions. It is for this reason that Aristotle defines ethics as part of the larger study of politics.¹⁸ By placing individuals and corporations within this larger context, virtue ethics

invites us to consider how the larger environment affects people's self-perceptions, choices, and actions. Even if one argues that individuals bear responsibility for their voluntary actions, what qualifies as voluntary may very well differ from regime to regime. Actions must therefore be considered against the larger political backdrop. Thus, while I personally think it is a category mistake to think of business as a game, I know that the idea of corporate gamesmanship has not arisen in a vacuum. Virtue ethics suggests that, if we want to critique this position, we should consider what aspects of American democracy (e.g., our general laissez-faire view of property) encourages or reinforces such behavior, behavior to which many people become habituated at a relatively young age. The ethicist who is concerned to have a practical effect on others cannot afford to overlook the larger political dimension.

In conclusion, taking virtue ethics seriously does not merely give us additional insights into business practice. It can play a far more serious role in business ethics by inviting us to re-evaluate and revise the notions of choice, act, and outcome implicit in other ethical systems by highlighting problems with or limitations of these other concepts and by offering an alternative understanding of them.

Notes

¹For example, Robert C. Solomon, "Corporate Roles, Personal Virtues: An Aristotelian Approach to Business Ethics," in *Business Ethics Quarterly* July 1992, vol. 2, no. 3, pp. 317-340.

²In the ensuing discussion, I refer only to Aristotelian ethics. While there is some dispute as to what qualifies as a virtue ethics, Aristotle's system surely does if any do.

³This contrast may be a bit overstated but it does seem to me that utilitarians take a much more narrow view of outcomes of an act than do Aristotelians precisely because the latter see actions as forming a continuous fabric of life. Thus, while Mill worries that indulging in a bestial pleasure (sexual intercourse) in preference to a higher pleasure (listening to opera) over time may destroy the capacity to enjoy "nobler feelings," he does not claim that this indulgence will destroy the capacity to do a good act (e.g., to respect another's liberty by allowing this person to eat or not eat pork). Aristotle, by contrast, sees the pursuit of pleasure as such (be the pleasure "higher" or "lower") as corrupting the capacity to perform any and all virtuous actions (e.g., just, temperate, courageous, truthful, magnanimous, etc.) because the life of pleasure and life of virtue are two very different, mutually exclusive types of lives. Compare John Stuart Mill, *Utilitarianism* in *The Utilitarians* (Garden City, NY: Anchor Books, 1973), pp.408-11 with Aristotle, *Nicomachean Ethics* 1095b15-1096a10.

⁴NE 1095b30-1096a1.

⁵NE 1138a5-18

⁶"Justice and equity are therefore the same thing, and both are good, though equity is the better." NE 1137b10-13.

⁷NE 1152a8-15. For an excellent discussion of the senses in which the vicious person does and does not choose, see Nancy Sherman, *The Fabric of Character: Aristotle's Theory of Virtue* (Oxford: Clarendon Press, 1989), pp. 107-17.

⁸For Aristotle, the notion of fulfillment or *entelechy* is crucial. Choice is an activity of the soul; and soul is for Aristotle the first *entelechy* of a natural body which has organs. Aristotle, *De Anima* 412b4. Insofar as mind or *nous* is part of soul, it is part of a fulfillment.

⁹“...Aristotle says, ‘We deliberate not about ends, but about what contributes to ends (*ta pros ta tele*).’ This will include deliberation about the constituents and specifications of an end and about the means towards an antecedently fixed end.” Sherman, p. 71.

¹⁰For Aristotle, truth-telling is a virtue. It is striking that the truth Aristotle emphasizes as most important is truthfulness about one’s own merits, a truthfulness which would seem to require knowledge of one’s own motives. Such knowledge would be necessary to correct for, say, one’s propensity to boast or to rule out certain considerations because one finds them unpleasant or an impediment to one’s getting one’s own way. The truthful person corrects such propensities; vicious persons do not. *NE* 1127b10-30.

¹¹“The function (*ergon*) of the practical [intelligence] is truth having correspondence to right desire.” *NE* 1139a30-32.

¹²Leon Kass, *Toward a More Natural Science* (New York: Macmillan, 1985), pp. 164-77.

¹³“In actual fact it is absolutely impossible for experience to establish with complete certainty a single case in which the maxim of an action, in other respects right, has rested solely on moral grounds and on the thought of one’s duty.” Immanuel Kant, *Groundwork of the Metaphysic of Morals* trans. with notes by H.J. Paton (New York: Harper & Row, 1964). p. 74.

¹⁴Lewis discusses the general atmosphere at Salomon Brothers in Michael Lewis, *Liar’s Poker* (New York: W. W. Norton and Co., 1989)

¹⁵For support for and explication of this claim, see Daryl Koehn, “Toward an Ethic of Exchange,” *Business Ethics Quarterly* July 1992, vol.2, no.3, pp. 341-56

¹⁶It should be noted that deontologists have invoked duties as well as rights when describing justice. But even here they have tended to emphasize what a rational agent ought *not* do rather than what such an agent is ethically bound to do. Hence the literature is dominated by discussions of Kant’s duty not to commit suicide; the duty not to make a lying promise; the duty not to tell a lie; etc

¹⁷“If winning is not the over-riding aim in [games and sports], if they are played for their own sake, the activity is consistently universalizable. But to play competitively with the fundamental intention of winning is to adopt an intention that makes of one’s own case a necessary exception.” O’Nora O’Neill, *Constructions of Reason: Explorations of Kant’s Practical Philosophy* (Cambridge: Cambridge University Press, 1989), pp. 102-3

¹⁸*NE* 1094a25-1094b10.

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