Chapter 2

The Ethics of Corporate Executive Virtues

Executive Summary

In the wake of the extraordinary financial scandals that both preceded and followed the September−October Financial Crises of 2008, discussions about the executive virtues of honesty and integrity are no longer academic or esoteric, but critically urgent and challenging. As representatives of the corporation, its products and services, corporate executives in general, and production, accounting, finance, and marketing executives in particular, must be the frontline public relations and goodwill ambassadors for their firms, products, and services. As academicians of business education, we must also analyze these corporate wrongdoings as objectively and ethically as possible. What is wrong must be declared and condemned as wrong, what is right must be affirmed and acknowledged as right. We owe it to our students, our profession, our stakeholders, and to the business world. Contemporary American philosopher Alasdair MacIntyre (1981) proposes the issue of morality in a threefold question: Who am I? Who ought I to become? How ought I to get there? The answer to every question refers to the virtues, especially to corporate executive virtues. This chapter explores corporate executive virtues, especially the classical cardinal virtues of prudence, temperance, fortitude, and justice as defining and enhancing corporate executive life.

2.1. Introduction

In the wake of the extraordinary corporate scandals in the turbulent markets of today, discussions about the executive virtues of honesty and integrity are no longer academic or esoteric, but critically urgent and challenging. As representatives of the corporation, its products and services, corporate executives in general, and production, accounting, finance, and marketing executives in particular, must be the frontline public relations and goodwill ambassadors for their firms, products, and services. As academicians of business education, we must analyze these corporate wrongdoings as objectively and ethically as possible. What is wrong must be declared and condemned as wrong, what is right must be affirmed and acknowledged as right. We owe it to our students, our profession, and to the business world.

Contemporary American philosopher Alasdair MacIntyre, in his publication *After Virtue* (1981), has ignited new enthusiasm for virtue theory and its

attendant concerns with issues of character. MacIntyre proposes the issue of morality in a threefold question: ***Who am I? Who ought I to become? How ought I to get there?*** The answer to each question refers to the virtues. Responding to this threefold question, Waddell (1989, p. 136) wrote: "The project of the moral life is to become a certain kind of person." That person is a virtuous one.

2.2.   Know Yourself: The Supreme Corporate Virtue

Who am I? What am I? These are tough and rough but critical questions. How do I define myself? How do I find myself? How do I discover myself? How do I reinvent myself? How do I rate myself? These are equivalent, albeit different, questions. *Gnoiti Seauton*: in Greek, this is "know thyself" and still is preserved inscribed large on one of the main walls of ancient Athenian ruins. It is an open moral challenge for the rest of mankind.

Most of us adults would like to define ourselves by our academic accomplishments of grades and years in school, the prestigious school, our undergraduate, graduate and postgraduate grades and years in college that we have painstakingly gained over the years. But this academic part of our life may be just a small part of our self-definition. Next, we reflect on our genetic heritage – our parents and grandparents, our siblings, and the genetic impact they have left on us. We may even add our neighbors, neighborhoods, our playmates, our hangout generations, and our great adventures – they add quite a bit to our self-definition. Next, we gather supplementary self-definitions from our school teachers, college lecturers, university professors, our significant peers in school, college, and university. More recent additions to our self-definition may come from our work experience, industry experience, executive experience, in different corporations or organizations, different cities or states or countries, different job challenges and accomplishments, varied awards and recognitions and promotions that we treat as our successes (or failures). We may also proudly recall the various strategic mistakes that we inevitably made and that paved our corporate success. All these put together may just about describe 50% of what I am.

In the final analysis, what really defines me is how virtuous I am: my honesty and integrity, my prudence and moral wisdom, my moral audacity and courage, my sense of justice and fairness, my kindness and compassion, how caring and forgiving I am. What I am is primarily a set of attitudes, perceptions, beliefs, and moral principles that enrich and empower my virtuous life – together they make my character, mold my personality, and characterize my leadership. Finally, what I am is also my set of friends whom I believe in and greatly trust. The domain, quality, and depth of my belief and trust are how virtuous I am. The test of my virtue is peace, contentment, and happiness and the ways to get there. Freedom to what you want to do, wealth, health, fame and recognition, power and popularity are all good reasons to be happy about, but they are mere achievements. Every level of achievement makes you strive for the next and the quest goes on until you run out of time and stamina.

Unless I know myself, I cannot know others. Unless I believe in myself, I cannot believe others. Unless I trust myself, I cannot trust others. In short, unless I know who I am, I will not know others — who they are. The journey to my unique self-knowledge and self-discovery is lifelong; it is often an unbeaten path, a road less traveled, and an uncharted sea. As long as our self-definitions center around us, we have reached nowhere. Our best self-discovery is outside us, the larger things of life, goals, and objectives beyond our comfort zones — the others, the society, the powerless, and the marginalized — what we do to uplift and humanize the environment around us. That is, the real *what am I* may be outside me. The greatest source of my inner glow that also shows on my outer being is my contribution to making the world a better place (Bhatt, 2015. *The Rear-View Mirror*, p. xi). This is virtuous life.

Applied to business professionals, the three questions raised by Alasdair MacIntyre (1981) are as follows:

(1) Am I a virtuous (e.g., prudent, temperate, brave, and just) business executive?
(2) What sort of a virtuous business person should I become?
(3) Which virtues specific to the business or corporate profession or practice should I pursue in order to be the exemplary virtuous person I ought to be?

Virtue is its own reward. Retrieving Aristotelian doctrine on the ethics of virtue, MacIntyre (1981, p. 178) defined virtue as "an acquired human quality the possession and exercise of which tends to enable us to achieve those *goods which are internal to practices* and the lack of which effectively prevents us from achieving any such good." While acting virtuously may indeed yield good results, virtuous business executives act primarily to be true to themselves. They recognize a range of *goods internal to business practices* within the company not because of their utilitarian significance, but primarily because of their capacity to shape and mold them to be the person they want to be for humanity (Bollier, 1997; Peters & Austin, 1985; Williams & Murphy, 1990).

By its renewing influence, virtue is becoming once again the language of ethics (Keenan, 2006, p. 111). The language of virtue builds in a kind of flexibility, even ambiguity, which is not so evident in the language of law or duty. That ambiguity and flexibility are what allow virtue to be the medium of comparative ethics (Porter, 2005, pp. 219, 206). The interest in personal transformation permeates much of the contemporary writings on virtue ethics. Virtue ethics summons business executives to become better people. The best practices of personal formation stem from virtue ethics — the latter believes that we need to awaken from a slumber of moral complacency (Stalnaker, 2006, pp. 386−391). We must re-envision what it means to be moral — virtue ethics empowers us to do so (Flescher, 2003, p. 11).

2.3. Understanding Virtue: A Historical Perspective

Virtue (from *Areté* in Greek that stands for "excellence") is difficult to define. However, the definition of virtue, the virtues, and the virtuous person has

occupied philosophers since Plato first raised the question of virtue, its nature, number, and teachability. Despite numerous efforts since then, no one has improved upon Aristotle's imperfect but still useful definition of virtue (Pellegrino & Thomasma, 1996, p. 7). In general, however, most agree that "a virtue is a disposition to act, desire, and feel that involves the exercise of judgment and leads to a recognizable human excellence, an instance of human flourishing" (Yearley, 1990, p. 2).

Socrates (c. 470−399 BC) began the discussion by identifying virtue with knowledge and held that one could not know the good without likewise willing it.

Plato (c. 428−347 BC) contributed an extensive and subtle analysis of four virtues: *wisdom, courage, temperance, and justice.*

Aristotle (384−322 BC) in his *Nicomachean Ethics* (*NE*) described virtue as an *acquired character trait that manifests itself in habitual action.*

Aristotle identified moral virtues as a state of character; that is, "the things in virtue of which we stand well or badly with reference to the passions" (*NE* 1105 b 25−26). Honesty, for example, does not consist in telling the truth occasionally but habitually. A person must become honest by proper upbringing and self-training. That is, virtues suppose a good character. One hardly admires *courage* in a villain, or *charity* in a thief who donates stolen goods, or *fortitude* in a murderer − these dispositions are not virtues. *Cowardice* can be someone's reason for not committing murder; *vanity* and *boastfulness* can on occasion lead someone to tell the truth − these actions are not virtues (MacIntyre, 1984, p. 152).

Following Aristotle, Aquinas (1225−1274) defined moral virtues as dispositions for the formation of passions and/or habits; moral virtues enable us to follow reason in dealing with our desires, emotions, and actions and in accepting that the four pivotal or cardinal virtues are courage, temperance, justice, and prudence.[1] Aquinas also held that the purpose of a person is not merely the exercise of reason in this world, but union with God in the next. Hence, to Plato's four cardinal moral virtues, he added three "theological" virtues of faith, hope, and charity − the virtues that enable persons to achieve union with God. He also maintained that "charity" (or self-giving love − *agape* in Greek) is the *virtue of virtues* that forms all other virtues. Aquinas also held that *humility* is a Christian virtue and pride is a vice. Whereas Aristotle, who predominantly wrote to an Athenian aristocratic society, argued that for the Greeks, aristocrat pride is a virtue and humility is a vice.

Like Aristotle, Aquinas distinguished between intellectual and moral virtues; both are human and acquired virtues as opposed to faith, hope, and charity, which are suprahuman gifts from God and are infused virtues. The end of the human virtues is proximate, a level of happiness that is imperfect that is attainable through human nature. The end of the suprahuman or theological virtues is the last end, God, and, therefore, supreme happiness, attainable only through the infused virtues and grace. While the object of theological virtues is God, that of the intellectual and moral virtues is

"something comprehensible to human reason" (*ST* I.II 62, 2c). The good or the perfection to which the human virtues are directed is defined according to the rule of reason, from which their objects are derived. The good or the perfection of the theological or infused virtues is the good as defined by divine law (*ST* I.II 63.2c; 63.4c; 65.3c). Moral and intellectual virtues are produced in us by humanly reasoned acts, and they perfect us through the doing of "good" deeds; that which perfects the intellect is an intellectual virtue, and that which perfects the appetite or will is a moral virtue (*ST* I.II 58.3c; 68.1c and 8c). By human virtues, "we live a good life," but the "good life" refers only to the "rectitude of life measured by the rule of reason" (*ST* I.II 68.1 ad3). In contrast, the theological virtues, being beyond our capabilities, are produced in us by God. Through these infused virtues, God enables us to live a "good life" of union with God.

Immanuel Kant (1772–1804) related virtue to those categorical duties that are firmly settled in our character. It does not concern directly with our happiness, but our worthiness to be happy. Hence, virtue is its own end and reward. However, Kant did banish "virtuous dispositions" from morality since they are strictly "hypothetical" and not "categorical" imperatives (Spohn, 1992, p. 65). According to Foot (1978), virtues are specific dispositions determined by the need to correct certain deficiencies. For MacIntyre (1981), virtues are skills internal to activities or practices that are necessary for the performance of certain roles or offices in society. Thus, virtue is the most ancient, perdurable, and ubiquitous concept in the history of ethical theory, especially given the inseparability of the moral agent from the events and acts of moral life (Pellegrino, 1995).

Summarizing the historical perspective on virtue by each major author:

- **Socrates**: virtue is both knowing the good and willing the good of our actions.
- **Plato**: four cardinal virtues of prudence, justice, fortitude, and temperance.
- **Democritus** (460–370 BC) held that to call a person "good" one had not only to do the good but also want to do it because it was good. *Aristotle* maintained that a virtuous person is not one who does virtuous acts once in a while, but one who does them regularly over long periods of time and does them as "second nature" (p. 19).
- **Aristotle**: virtue is an acquired character trait that manifests itself in habitual action of doing good.
- **Aquinas**: moral and intellectual virtues are produced in us by humanly reasoned acts, and they perfect us through the doing of "good" deeds.
- **Kant**: virtue is a categorical imperative; often it may be a hypothetical imperative.
- **Foot**: virtues are specific dispositions determined by the need to correct certain deficiencies.
- **MacIntyre**: virtues are skills internal to activities or practices that are necessary for the performance of certain roles or offices in society.

2.4.   The Executive Virtue of Being Good

According to Aristotle, "Every art and every inquiry, every action and choice, seems to aim at some good; whence the good has rightly been defined as that which all things aim" (Aristotle, [1985]. *NE*, p. 1094, a 1−3). There are different goods, however, corresponding to different arts and sciences. For the doctor's art good is health, for the economy it is wealth, and for business ethics, it is, presumably, the *happiness or fulfillment of all stakeholders*. However, this happiness is multidimensional and longitudinal, and thus, should include both the present (e.g., Fournier & Mick, 1999; Oliver, 1997) and the future (e.g., Lemon, White, & Winer, 2002). In fact, Aristotle's concept of *eudemonia* or happiness that is the end result of virtue includes "human flourishing" (Cooper, 1986, p. 89) that lasts throughout one's adult life (Sherman, 1987, 1989).

Some ends are subordinate to other more ultimate ends. The end of prescribing a certain medicine may be to induce sleep, but this immediate end is subordinate to the wider and more comprehensive end of health. But if there is an end which we desire for its own sake and for the sake of which we desire all other subordinate ends or goods, then this ultimate good will be the best good, in fact, *the good*. According to Aristotle, this ultimate good for human beings is the subject matter of ethics and as such cannot be deductively derived from any first principles with some mathematical exactitude but inductively derived from the conclusions of actual moral judgments of good people (*NE* 1094, b 11−27). Ethical inquiry should start from the actual moral judgments of good people that by comparing, contrasting, and sifting can help formulate general principles. This view presupposes that human beings have some natural tendencies for good, and Aristotle founded his ethics on the universal characteristics of human nature.

2.5.   The *Dharma* Concept of Good

The word *Dharma* has been used in ancient scriptures from time immemorial. Many people have tried to understand and explain the word *Dharma* from their own perspective. Some consider it a law, others as guidelines, and some consider it as a way to worship and be closer to God. But defining it in this way underdetermines its meaning. *Dharma* is all of it and beyond. A good explanation of *Dharma* is provided in the Bhagwad Gita (the Song of the Lord) in the form of a dialog between Lord Krishna and Arjuna. As per Lord Krishna, *Dharma* is a righteous way of living a life. He explains that every organism is born to serve a purpose. Understanding the purpose and living accordingly is *Dharma*. But that is the most difficult thing to do. To differentiate between right and wrong is sometimes the most difficult thing to do.[2]

In Mahabharata, the great epic of Hinduism (the longest poem in 22,000 verses ever written, possibly written between 400 BC and 300 AD, and traditionally attributed to Vyasa) defines *Dharma* or goodness more concretely and altruistically as "actively helping those in need as well as passively not harming others, and being fair and just in one's judgments" (see Gurucharan Das, 2010, p. 283). *Dharma* is goodness. A good person is "who has in his heart always the

well-being of others, and is wholly given to acts, thoughts, and in speech, to the good of others, he also knows what dharma is" (*Mahabharata* Book XII, 262.9).

2.6.   *Dharma* of Buddhism and Taoism

In Buddhist culture, *dharma* describes the moral and religious precepts set down around 500 BC by Gautama Buddha, a Nepalese-born teacher and philosopher. In Hindu culture, *dharma* refers to the search for life's universal truth and higher purpose. The *Dharma* of Capitalism blends Hindu and Buddhist traditions with our current way of life in free enterprise capitalist systems (Gor, 2012).

Confucianism is a system of philosophical and ethical teachings founded by Confucius in the sixth century BC and developed by Mencius (Meng-tzu) in the fourth century BC. The most reliable source of his teachings is the Lun yu (Chinese for *conversions*). The basic concepts of Confucianism are ethical: love for one's fellows, filial piety, decorum, virtue, and the ideal of the superior man. The main texts of Confucius were published as late as 1190 AD that revitalized Confucianism throughout China.

Lao-tzu, the legendary founder of Taoism and traditional author of the Tao-te-Ching, its most sacred scripture, complements Confucianism. The central concept and goal of Taoism is the Tao, an absolute principle underlying the universe denoting the forces in nature, yin and yang, and by extension, the code of behavior that is in harmony with the natural order. To Confucius, the absolute principle underlying the universe is way of the superior man, while to Lao-tzu, it is the way of nature.

Case 2.1:   Nelson Mandela Revisited

Humanity, leadership, commitment to fight injustice, forgiveness, fierce determination, and conviction were the virtues of Nelson Mandela. He stood up for fight against the apartheid, standing up for the rights of millions of people. His strong leadership qualities, determination, and commitment to fight injustice made him stand strong in all the ups and downs of his life. The conviction to give up one's entire life for the betterment of the community requires fierce resolve and persistence. The ethical quotient was definitely high in the cause and process that Mandela followed.

The end-state solution to the long-standing social issues in South Africa was a vibrant democracy with equal rights and opportunities to all citizens irrespective of the race or the skin color. Only the path to reach there could have been violent and non-cooperative movements or non-violent and cooperative process of a negotiated settlement. Mandela often chose the better course of peace and harmony. The solution in this context can be optimal when it is supported by the general populace at large and supported by the principles of universal justice and respect for human dignity. Nelson Mandela chose this path which was a continuous and arduous process that lasted more than four years. The outcome was a new constitution that defines South Africa as one undivided nation with equal rights for all and which has become the benchmark of the country's democracy.

2.7.   The Primacy of Virtue Ethics

Virtue-based ethics is a new method of ethics: from *action-based* ethics (deontological ethics, teleological ethics, and justice ethics) to *person-based* ethics. Principles, rules, and guidelines tend to concern the action in question and its objective moral character. Virtue ethics, by contrast, governs *the interior life of the agent* who performs the action − one's subjective moral character. Both are needed in business executions in general and in corporate management, in particular. Right actions with evil intentions are no good; rules and principles unless interiorized and lived in virtue will not effectively motivate in the long run (Pellegrino & Thomasma, 1996, p. 15).

While the ethics of principles (deontology, teleology) and the ethics of consequences (distributive justice, corrective justice) are valid and relevant, they are subordinate to the ethics of character (virtue ethics). Unlike deontology, teleology, and distributive justice and corrective justice theories of ethics that deal with human actions and their moral content, *virtue ethics deals with the very person who acts. Virtue ethics looks primarily on the type of persons we ought to be and become.* That concern is expanded to three questions − *Who are we? Who ought we to become? How do we get there?* Virtue ethics is, therefore, proactive. It invites us to see ourselves as we are, to assess ourselves, and to see what we can become. It not only beckons us to become something, but also indicates the means (virtues) that can help us get there (Keenan, 2006). To a corporate virtue ethics practitioner, the first question (Who are we?) is the same as "Are we virtuous?" Such a question focuses on: (1) the standards against which we measure ourselves, and (2) how we know whether we are measuring ourselves fairly.

Aristotle (1965) proposed some basic virtues as standards − friendship, magnanimity, and practical wisdom. Thomas Aquinas (1964) borrowed and proposed four other complementary (cardinal) virtues: prudence, justice, temperance, and fortitude, to which he later added the three theological virtues of faith hope and love. The question of self-understanding (Who am I?) then, translates to, are we just, prudent, temperate, fortitudinous, friendly, magnanimous, and wise? How do we know we are not deceiving ourselves? Aristotle (1965) suggested that we could know ourselves by how we act in spontaneous situations. For instance, if I acted bravely in unanticipated situations, then I am brave. If I acted cowardly under such circumstances, then I am a coward.

If we can develop ourselves physically by regular exercises, we can also develop ourselves morally by exercising virtues regularly. The virtues are therefore teleological guides that aim for the right realization of the human person we want to be. Even pagan Rome espoused the four cardinal virtues as follows:[3]

(1) *Prudentia*: prudence, wisdom, foresight, planning ahead for emergencies, seeing the good of the whole community.
(2) *Fortitudo*: fortitude, toughness, bravery, enduring pain in stoic silence, and willingness to sacrifice or suffer for the good of the whole community.

(3) *Temperantia*: moderation, avoiding extremes of appetite and enthusiasm, and seeking balance.
(4) *Iustitia*: justice, the preservation of the good and the eradication of evil.

2.8.   Utilitarian vs Deontological Virtue Ethics in Executive Life

Utilitarian utility calculus is not enough to live up to the challenges and standards of moral life. A utilitarian defense of conduct is also subject to criticisms about the appropriateness of the accounting stance and time horizon used in the utility calculus. As there is no principle determining their scope, accounting stances and time horizons are arbitrarily determined. Consequently, every decision may constitute a moral dilemma (Norcross, 1995), a state of affairs that produces perpetual moral ambivalence. Utilitarian administrators can never be confident they are making the right decision because they can never be sure that their choices actually increase net average happiness. Arbitrary accounting stances and time horizons only conspire to provide the utilitarian administrator a clear conscience, not direction for moral conduct.

In light of these difficulties, when it is adopted as the primary theory guiding conduct, we should view utilitarianism as unsatisfying. The characterization of moral imperatives as suggestions to guide behavior toward utility maximization offers administrators large degrees of moral flexibility. However, with this flexibility comes a frame of mind to approach situations formalistically; administrators need to be only armed with the proper tool – a utility calculus – in order to determine the moral course of action. Utilitarianism implies that some action is moral and good when it maximizes average utility. But what good is a moral theory in practice if the end result is that one is left, at best, unsatisfied, or, at worst, ambivalent, about the outcomes? Hence, we need an ethics of virtue.

Deontological ethics argues that certain actions are wrong if they violate duties we owe to others or they violate rights that others have. Many deontologists hold that dignity and respect are behaviors that all humans deserve simply by virtue of them being human and that these mandates are not contingent upon circumstances, the exigencies of position, or how much social utility is at stake. Likewise, some writers argue that ethical administration is best achieved by adhering to a set of moral guidelines (Blanchard & Peale, 1996; Campbell, 1999), not because of what adherence to these guidelines might bring about but because we are obligated to adhere to them on principle.

2.9.   We Need Virtue Ethics Beyond Utilitarian and Deontological Ethics

The foremost deontologist, Immanuel Kant (1785/1998), argued that moral imperatives are binding on conduct because they are ruled by a universal principle of morality, the categorical imperative, which requires us to act only on those moral principles that we reason as universal. In considering whether we

should obey the imperative, "Don't steal," then we imagine what it would be like to live in a world where everyone condoned stealing. Could scandalous administrators defend their behavior on Kantian grounds? It is not likely, because one would need to show that a rational person would enjoy living in a world where everyone, say, pilfered public funds for personal gain. Diverting funds away from the company or customers reasonably falls under the category of stealing, and, therefore, the administrators' behavior violates the "Don't steal" moral rule that more obviously holds according to the categorical imperative.

Nevertheless, Kant's insistence that reason and duty are the keys to the moral life poses problems for the executives. For instance, consider two moral rules that an administrator might reasonably face: support students to succeed academically and support faculty academic freedom. Consider that recently a professor was relieved of her teaching duties mid-semester because students complained she graded too hard; the instructor replacing her raised students' previous test scores 25% (Jaschik, 2010). The administrator charged with deciding how to handle the students' complaints faced a situation where two rules conflicted and where both passed the categorical imperative. Kantian ethics does not provide the administrator much assistance for determining which imperative should take precedence. Hence, we need an ethics of virtue.

2.10. The Priority of the Ethics of Care

The heroic examples of business management practices [e.g., Johnson & Johnson's timely withdrawal of Tylenol, the Rely decision by Proctor and Gamble (see Williams & Murphy, 1990), Levy & Strauss's exemplary business management strategies (see Bollier, 1997, pp. 339−351), the heroic investments of Merck & Co. in inventing and distributing cure for river blindness disease that plagued millions in the Third World (see Donaldson & Gini, 1996, pp. 299−308) and hundreds of other business management heroisms] cannot be adequately explained by ethical theories of deontology, teleological, or distributive justice theories. The heroic lives of Nelson Mandela, Captain Lakshmi, and Amar Gopal Bose are examples of heroic virtue. These exemplary business management strategies and practices are outcomes of acquired executive virtue.

With over 25 million dead because of HIV +, AIDS, and another 42 million people infected, why is there a universal hesitancy to recognize the moral summons that this fatal disease confronts us? Maria Cimperman asks this haunting question and develops a basic profile for the type of people we must become if we are to be disciples in a time of AIDS. After reflecting on the need to be historical realists, she proposes five virtues as constitutive of contemporary discipleship: *justice, prudence, fidelity, self-care, and mercy.* Cimperman calls us to change now and offers us the virtues as the medium for such transformation (Cimperman, 2005). Virtue, being transformative, leads inevitably to action. By realizing the here and now as the moment for transformative change and action, we actually become happier (Keenan, 2006, p. 114).

The *ethics of care* derives from "feminist ethics" in general and the work of Gilligan (1982) in particular. This perspective focuses on personal relationships and the traits of personal character that create and sustain them − friendship, compassion, sympathy, empathy, faithfulness, and loyalty, for example. The focus on these human traits, which certainly qualify as virtues, deliberately eschews the emphasis on rules and calculations that characterize Kantian and utilitarian thought. Also absent are notions of universality and impartiality; the ethics of care regards *actual* relationships and the social contexts in which they are embedded as valid and important elements of ethical decision making (Jones, Felps, & Bigley, 2007, p. 139).

2.11. Virtue as the Theory of Ends

To the questions, "who ought we to become?" and "how to get there?" the answer is the theory of "ends." For the honest person, virtues are not what one acquires, but what one pursues as ends. The ends of virtue is to be prudent, just, temperate, and fortitudinous. Hence, we examine our ways of acting and ask if these ways are making us more prudent, more just, more temperate, and brave. These are executive virtuous exercises.

Dorothy Day, a Christian political activist of early nineteenth-century America, believed that her moral task was to combat poverty by assuming poverty, by living its challenges. Her invitation, argues Andrew Flesher, is a real explication of our call to be moral. Virtue ethics maintains that if we do not work on our character development, and thereby fail to dispose ourselves to love the neighbor and subsequently act on behalf of the neighbor to a much larger degree than we currently do, then we can be found to be morally blameworthy. While living virtuously is not synonymous with living altruistically, *living altruistically is the kernel of living virtuously* (Flescher, 2003, p. 11).

Business management as a human activity is a social community of individuals or stakeholders: customers, producers, suppliers, distributors, creditors, bankers, media, governments, and the local communities. Business management in general and corporate management in particular are a public and moral community activity by membership and function, goals and objectives. Business management is a moral enterprise because it deals with human (stakeholder) problems. Hence, the ethics of business management derives from business as a human activity. The art and science of business management and the way it functions are exchange relationship implied in the executive−stakeholder or producer−consumer relationship, and what is primarily at stake is the personhood of the vulnerable stakeholder.

The stakeholder and the management executive, as rational beings, each plays a part in realizing the end of business management, which primarily is the good of the stakeholder communities. In this relationship, the management executive is the embodiment of the business management art, whose end is the stakeholders' good, and the dignity and happiness of the human person grounding the good. Beneficence and benevolence are both a moral obligation that should

inform and transform the art of business management, and both are crucial virtues for management executives. A management executive who does harm to stakeholders violates the art; an executive who is not benevolent to his customers compromises the art (see Sirdeshmukh, Singh, & Sabol, 2002). Thus, the art and science of business management should establish the way in which the management executives and the stakeholders relate to each other − this is the internal morality of business management, or to cite Macintyre (1981), it is the "internal practices" of the virtue of business management.

While rules and guidelines may offer rational criteria for public agreement and public moral policy, the latter also rest on public's presuppositions of what is good life and what is happiness for the community. The latter come from virtue and virtue ethics, and not necessarily from social construction or political accommodation (Foot, 1978). Without a theory of good life and the good society, there is no check on political expediency, market opportunism, and business management malpractice. In a secular society, if moral rules and injunctions were to derive their binding force, they must have such either from a theory of moral law or from the assent of virtuous individuals who choose the rules and the society they live in as part of their self-definition (Anscombe, 1981, p. 30).

Since, according to MacIntyre (1981), the authority of moral law is best when it is theological (i.e., based on divine law and revelation), the latter (i.e., the virtues of virtuous people) is the only place to turn − it is only from the debate and shared life of virtuous people that we may obtain a consensus on what is common good and what is good life. A business management situation constitutes a *moral community* in which the debate about common good for society can take place, and an account of the virtues is required therein.

2.12.   Executive Virtue as Ethical Consideration of the Contingencies

The executive moral agent will be exposed to a wealth of diverse contingencies and circumstances. It is not enough to have the right states of character, but one must have the capacities for knowing when and how to exhibit them. An agent is praised not merely for the possession of virtue, but for its exercise and exemplification in concrete circumstances. In this sense, virtue is a capacity to choose (*NE* 1107 a1) and reason correctly. The virtuous person is one who knows how to act and feel in ways appropriate to the circumstances. This entails not only that efforts are well-intentioned and appropriate, but that subsequent actions are correct and successful (Sherman, 1987, p. 51). Aristotle's point, therefore, is not that a good and virtuous action requires the achievement of causal consequences, but that it requires knowing how to exemplify virtue here and now. Incidentally, this is the stance and philosophy of the Bhagvad Gita. Thus, decisions are clearly right or correct may nonetheless lead to unforeseeable ill consequences (*NE* 1135 a25; 1136 a5−10).

Practical reason does not start with a mere practical syllogism − start with some end, and then decide how to act. On Aristotle's view, an ethical theory

that begins with the justification of a decision begins far too down the road. The process begins with the perception and assessment of circumstances and recognition of its morally salient features. Before we can know how to act, we must assess the necessity of that action, and this reaction to circumstances is itself part of the virtuous response − all these stages, perception, reaction, and assessment are ethical considerations expressive of the agent's virtue (Sherman, 1987, p. 29).

Perception informed by ethical considerations is the product of experience and habituation. Through such education, we come to recognize and care about ethical consideration (Sherman, 1987, p. 31). Moral habituation is not a mindless drill but a cognitive shaping of desires through perception, belief, and intention − capacities that involve character and emerge from acquiring character. Thus, moral education will itself cultivate the perceptual and deliberative capacities requisite for moral character (Sherman, 1987, p. 7). It is not enough to know about virtue, but we must also try to possess and exercise it, or become good in any other way (*NE* 1179 a33−b4).

All perceptions, reactions, and assessments are contextual. The virtuous act that hits the mean is directed toward the right persons, for the right reasons, on the right occasions, and in the right manner (*NE* 1106 b21). Thus, the overwhelming sense is that virtue must fit the case (Sherman, 1987, p. 35). Determining the mean will presuppose critical and self-reflective ways for accurately reading the ethically relevant features of the case. Ethical perception requires methods by which we can correct and expand our point of view. Conscientious discernment will entail adjusting one's perception to correct for biases and pleasures toward which one naturally tends, but which are likely to distort (*NE* 1109 b1−12).

2.13. Corporate Executive Virtue as *Eudemonia* or Happiness

The classical quest of ethics was to find and teach the good life and how to live it. This was the common task of philosophers as diverse as Plato, Aristotle, Augustine, Aquinas, the Stoics, Confucius, the Hindu sages, and Lao-tsu. Despite their different reasoning, all these philosophers shared the conviction that it is in the nature of human beings to seek the good and that happiness and a good moral life are somehow synonymous (Pellegrino & Thomasma, 1996, p. 7). To be a good person and to live a good happy life are considered human aspirations in tandem. Such aspirations were not imposed on human beings but rose from their very nature as individual and social human beings.

Aristotle postulated **happiness** (*eudemonia*) as the ultimate good for human beings and carefully defined it as something specific to human beings alone: *an activity of virtue in accordance with reason*. This happiness may also be translated as blessedness or prosperity; "it is the state of being well and doing well in being well" (MacIntyre, 1984, p. 148). The virtues are precisely those qualities the possession of which will enable us to achieve happiness and the lack of which will frustrate our movement toward happiness. Activity of growth and

reproduction cannot be the ultimate happiness for humankind, since we share this happiness with the animal world.

Happiness as an ethical end cannot consist simply in virtues as such: it consists rather in *activity according to virtue* or in virtuous activity, understanding by virtue both intellectual and moral virtues. Moreover, if it really deserves the name of happiness, then we must manifest over a *whole life* and not merely for brief periods (*NE* 1100, a 4ff; 1101 a 14−20). Moreover, the virtuous activity of pursuing happiness may be itself pleasurable, since pleasure is the natural accompaniment of an unimpeded and free activity. "Virtues are dispositions not only to act in particular ways but also to feel in particular ways" (MacIntyre, 1984, p. 149). This makes virtuous activity worthwhile and endurable − this shows the common sense (or non-transcendental) character of Aristotelian ethic of virtue (Copleston, 1963, p. 335).

2.14.   Corporate Executive Virtue as "Human Flourishing"

One's conception of what happiness or human flourishing is should determine what it means to flourish in one's life, and what kind of life one regards as flourishing now (Cooper, 1986, p. 96).[4] Human flourishing as an ultimate end belongs to a different order from any of the concrete ends one might adopt in one's life − ends like the exercise of one's physical, intellectual, or social capacities. Thus, to aim at having a flourishing life is to pursue a "second-order end" toward which other first-order ends are subordinated (Rawls, 1971).

From the discussion above, we draw the following eight propositions on executive happiness:

P1. It is in the nature of human beings to seek the good. Eudemonia or happiness is the extreme limit of all good things achievable in action (Aristotle, *NE*).

P2. Eudemonia is sought as an ultimate good for its own sake; every other good is sought for the sake of *eudemonia* (Aristotle, *NE*).

P3. To aim at having a flourishing life is to pursue a "second-order end" toward which other first-order ends are subordinated (Rawls, 1971).

P4. Happiness is blessedness or prosperity: it is the state of being well and doing well in being well.

P5. Real happiness must manifest over a full, long-lasting adult life and not merely for brief periods (Aristotle, *NE*).

P6. Real happiness is *eudemonia* that is best defined as "human flourishing." This postmodern term means the possession, use, and fulfillment of one's

mature powers or natural capacities over a long period of time (Cooper, 1985).

P7. To be a good person and to live a good life are considered human aspirations in tandem. Happiness and a good moral life are somehow synonymous.

P8. Such aspirations are not imposed on human beings but rise from their very nature as individual and social human beings.

Virtue is critical for corporate executives functioning in a management situation. The virtue of virtues, *eudemonia* or "human flourishing," bears additional implications to corporate executives. Each of the above eight propositions has different challenges for management executives. Each proposition implies different legal, ethical, and moral obligations in a management situation.[5] Supplementary propositions on executive happiness are definitions of happiness argued by various philosophers:

- Virtue is excellence in the knowledge of good that enables one for the good and happy life (Plato).
- Virtue is the state of character that makes a person good or happy (*eudemonia*) and makes that person to do what is good (Aristotle).
- A virtuous person knows good, is good, and does good (Aristotle).
- Happiness virtue determines the end, and practical wisdom makes us do what is conducive to that end.
- While practical wisdom is the central happiness virtue, "prudence" is a link between intellectual, moral, and theological virtues (faith, hope, and love) (Aquinas).
- Prudence is a right way of acting according to reason; it disposes us to choose means most conducive to the final end (telos) of an act (Aquinas).

2.15. The Nature of Happiness in the Corporate World

According to Aristotle (*NE*), the end of life that all human beings should aim is *happiness* (*eudemonia*). The virtues are not merely means to happiness, but constitute it. However, happiness does not merely consist of what we get in life but also includes who we are. Even Plato maintained that a despot with all wealth and power would not be really happy because that person's personality would be disordered in the process. The distinction between happiness and pleasure is usually blurred. In ordinary language, happiness is frequently used to indicate a more stable, less intense state than pleasure. Yet one could hardly predicate happiness of life that was altogether without pleasure.

Developing a virtue-based ethics for business, Solomon (1992a, p. 104) argues that "mere wealth creation should not be the purpose of any business. Instead, we must conceive of business as an essential part of the good life, living well, getting along with others, having a sense of self-respect, and being part of something one can be proud of" (p. 17). Individuals are embedded in communities

and that business is essentially a community activity in which we work together for a common good, and excellence for a corporation consists of making the good life possible for everyone in society (Solomon, 1992a, p. 209) (p. 17).

According to MacIntyre, "internal practices" with goals and results can change, expand, diminish, but not at the expense or gain of another. These "internal goods" are not competitive, not objects but "outcomes" of competition to excel; they are unique to the internal practices; the more one has them, the better off is the corporation and the community thereof (p. 17). Business should be a human endeavor in which executives ought to find fulfillment and therefore, emphasize the need for virtue in business. This is a valuable reminder that business is part of human and moral life (p. 18). "To act rightly is to act rightly in affect and conduct. It is to be emotionally engaged and not merely to have the affect as accompaniment or instrument" (Sherman, 1989, p. 2). Emotions themselves are modes of moral response that determine what is morally relevant and, in some cases, what is required (p. 18).

2.16.   Characterizing Virtuous Morality Corporate Actions

According to Hauerwas (1981), moral business management decision is not so much of what one is obliged to do, but the kind of person one would be by doing it. To act rightly is to act rightly in affect and conduct. Discerning the morally salient features of a situation is part of expressing virtue and part of the morally appropriate response (p. 18). There may be a strategic virtue in doing things rightly, but there is a moral virtue in doing right things rightly (Aristotle, *NE*).

Democritus (460−370 BC) held that to call a person "good" one had not only to do the good but also want to do it because it was good. As cited before, Aristotle maintained that a virtuous person is not one who does virtuous acts once in a while, but one who does them regularly over long periods of time and does them as "second nature." That is, just doing good or being occasionally virtuous is not sufficient ground for characterizing a person as good.

Until very recently, moral philosophers, following Aristotle and Aquinas, had only one source for moral description: *the act*. If a bad action was performed, mitigating circumstances were investigated to see if the agent was partially or fully exonerated of moral guilt (Mascarenhas, 1995). The question of subjective goodness was rarely raised, and if so, almost exclusively in the context of "imputability" (Keenan, 1992, p. 4).

That is, philosophers did not examine cases on the other side of the distinction: they did not discuss people who do objectively good acts but on selfish grounds (e.g., bad motives). The question of the good person was rarely examined. The presupposition was: *we are what we do*. Thus, the person who did good was good and the one who did bad was bad. Obvious other combinations, such as a good person who did bad, or a bad person who did good, were not explored. Reinforcing the presupposition, the word "good" primarily described acts. Goodness was not used, as it is today, primarily and principally to describe persons (Keenan, 1992, pp. 4−5).

One could characterize executive action using two dichotomies: executives with good versus bad motives that result in good versus bad actions. This 2×2 matrix (see Table 2.1) considers only four possibilities:

- Executives with good motives doing good things; e.g., the upright executive.
- Executives with good motives doing bad things; e.g., the upright executive trapped with evil market turbulence.
- Executives with bad motives doing good things; e.g., the dishonest executive derives good market outcomes owing to market turbulence.
- Executives with bad motives doing bad things; e.g., the dishonest executives indulging in evil outcomes such as fraud, corruption, and bribery.

Table 2.1 is a first approximation. It puts too much emphasis on the so-called good vs bad motives, and the so-called good vs bad outcomes. Both could be situational or contingent, and both are not sufficient to characterize people as good or bad. For instance, the judgments in each of the quadrants of Table 2.1 do not take into consideration habitual will or virtuous dispositions of executives such as habitual striving to be good and wanting to do right things (or the converse). Further, one could be striving to be good out of duty (this is deontological ethics) or spontaneously as a habitual disposition of training and upbringing (this is virtue ethics).

Immanuel Kant argued that good was descriptive only of the human will: that is, not acts but willing persons are good. His presupposition was not that we are what we do, but that *we may not be as good as our actions appear to convey*. He distinguished a person who *acts out of duty* from any *act in accord with duty*. An act in accord with duty, e.g., executing a prisoner, could not itself be called good. Rather, good acts were those done by persons acting out of duty. A mother acting out of duty to parent a child is doing good. But Kant did not examine the distinction whether persons were good who acted out of duty but who performed acts not in accord with duty. Though Kant examined acts in accord with duty performed by people not acting out of duty, he did not explore the converse (Keenan, 1992, p. 5). For instance, a parent acting out of duty to taking care of her child may act not in accord with duty and err through too much leniency or rigidity.

Twentieth-century philosophers asked a different question: they did not ask questions about goodness, but about *rightness*. Moore (1912) asked whether we could describe actions as right or wrong without considering the motives of the agent. Moore's answer to this question establishes the distinction between goodness and rightness. Moore (1912, p. 80) sought to determine the objective notion of right. His definition is utilitarian: the act that produces a maximum pleasure will always be called right, for an act can only be wrong "if it produces less than maximum." Moore (1912, pp. 187−189) distinguished the agent's motives from the act: whether an agent deserves praise or blame depends upon the agent's motives, and not on whether one's action is right or wrong.

Table 2.1: A Partial Characterization of Goodwill and Good and the Opposites.

Executive Motives	Executive Actions	
	Good	**Bad**
	Right Actions that Promote Good Values and Good Culture	**Wrong Actions that Promote Disvalues or Evil Culture**
Good	*Assumption 1*: right actions with right motives are a necessary condition for calling a person good (Hare, 1952)	*Assumption 2*: wrong actions are not a sufficient condition for calling a person bad (Aquinas, 1964)
	Good people doing good	Good people doing bad
	Examples:	*Examples:*
	A "good" person	A good-willed failure
	A virtuous person	An ignorant mistake
	A moral person	A misinformed disaster
	An ethical person	A conscientious boycott
	A just person	An addict's violence
	A righteous person	Killing in a just war
	An upright person	Involuntary murder
Bad	*Assumption 3*: right actions are not a necessary condition for calling a person good (Kant, 1964)	*Assumption 4*: wrong actions are not a necessary condition for calling a person bad (Moore, 1912)
	Bad people doing good	Bad people doing bad
	Examples:	*Examples:*
	A bad-willed success	A "wicked" person acting wicked
	A malevolent courage	A vicious person's vice
	An ill-willed victory	A malicious person's malice
	Parading charity	A selfish person acting selfish
	Almsgiving for power	Deliberate drunken violence
	Oppressive kindness	Killing in an unjust war
	Philanthropy for tax write-offs	Voluntary murder

Secondly, Moore distinguished a person's perception of the right from what in fact is objectively right; even *with the best of intentions a person may not perceive the right*. On the other hand, a person motivated by selfishness may nevertheless calculate what the right act is and do it. Thus, Moore (1912) concluded with a paradox (later called the Moore's Paradox) regarding the act of an agent

with bad motivations: "A man may really deserve the strongest moral condemnation for choosing an action which actually is right" (1912, pp. 193–195). But Moore came off with a new insight: *that a person is bad does not affect the rightness of an action.*

With these two distinctions, Moore provided a fresh insight: persons are "good," while actions are "right." However, like Democritus and Kant, Moore did not call a person good who with good motives performed a wrong act. He also presumed that a right act was a necessary condition for calling an agent good. Over against the presumption, we are what we do, Moore made it clear that right actions can be done by good and by bad people. Hare (1952, p. 185) refined this distinction by identifying good acting with good motives.

2.17. Realizing Goodness in Corporate Executives

Contemporary moral philosophers argue that executed acts are not necessary for the moral description of persons. That is, goodness (or badness) is not consequent to questions of rightness or wrongness but antecedent to it, distinct from it, and determinative of it. Persons are good who strive to realize the right, and actions are right when they satisfactorily fulfill the demands of protecting and promoting values. They hold a new presupposition concerning moral description: *good and bad people behave rightly and wrongly*. With this new presupposition, a person who performs a wrong action can be called good for performing the action, as long he strives to do the right. Thus, we no longer call people good if they do good actions, rather we call them good when they strive to realize rightness. Conversely, people are bad not when they perform "bad" actions but when they fail to strive to perform the right. Badness, then, is not simply acting out of selfishness or malice; prior to act, badness pertains to the failure to strive for rightness (Keenan, 1992, pp. 6–7).

Goodness then is striving for rightness, and badness, its contradictory, is failure to strive for rightness. Thus, goodness is distinct from rightness but not independent of it. Thus, parents who simply dote on their children without seeking the right cannot claim to love their children. A claim may be made, but the claim remains empty. Similarly, parents who strive to raise their children well but err through extreme severity or leniency truly love; that is, such parents are good, but their parenting is wrong. Since goodness is antecedent to rightness, good parents are those who strive for right parenting, and all of them may not succeed.

Good business management executives, accordingly, are those who strive for right business management. Goodness in business management simply asks whether one strives out of love or duty to realize right business management activity. Rightness asks whether the activity itself protects and promotes values. Goodness is not a term of acquittal. If good executives perform wrong actions, their primary concern should be to remedy the situation in which harm has been done, because being good, they want to do the right.

Contemporary understanding of moral goodness is fundamentally related to the concept of human freedom (Fuchs, 1983; Schüller, 1979). Each individual enjoys a distinct degree of personal freedom. Due to nature, nurture, economics, luck, and other external causes, some people are more capable of realizing right activity; that is, realizing goodness. Some have a ready disposition to be temperate; others have a ready disposition to be chaste; some can never be racist; some are timid by nature, while others are innately brave. Personal strengths and weaknesses arise from a variety of formative forces (Keenan, 1992, p. 8). In general, people perform right activity based on their strengths and wrong activity from their weaknesses. Since each person has a different set of strengths and weaknesses, each person is differently inclined to right or wrong. One could improve upon one's strengths and reduce one's weaknesses − this is the exercise of virtue by which one orders oneself. The more a person enjoys personal freedom, the more is that person rightly ordered, and vice versa.

Conversely, the more a person is rightly ordered, the more is that person predisposed to realize right activities, and this is goodness. The reason that some people behave more rightly than others is not necessarily due to striving; rather, those who behave rightly tend to be persons that are rightly ordered, and those who behave wrongly tend to be persons that are disordered (wrongly ordered) people. They (e.g., those who are inclined to excessive drinking, dishonesty, or opportunism) are less likely to behave rightly (Keenan, 1992, p. 9).

Rightness concerns two dimensions of human living: (1) that the agent is rightly ordered; (2) that the act is rightly ordered. One does not follow from the other: temperate people may occasionally fall, and not all alcoholics always drink excessively. Consider, prudence, the most important of the virtues: the selfish and the amoral are as capable as the saints of giving right advice. Similarly, one can imagine the loving and the selfish to be temperate, or the wicked to be brave (MacIntyre, 1981, pp. 166−167).

No one, no matter how well ordered, is perfect; no one, no matter how disordered, is an absolute failure. Hence, the need to distinguish whether a person is actually living a rightly ordered life and whether a person's action is right; neither description, however, depends upon *goodness*. Goodness asks whether one strives through right action to make oneself rightly ordered. The good person consistently looks for opportunities that better one's strengths and reduce one's weaknesses that order oneself, and that empower one to higher levels of freedom.

Summarizing the discussions thus far, we can characterize the morality of executive actions using four dichotomous dimensions as follows:

(1) **Virtue as habitual pre-dispositions (virtue ethics)**: goodness as striving and wanting to be right vs badness as not striving and not wanting to be right (Kant, 1964).
(2) **Agent's motives (morality ethics)**: good motives that make executives praiseworthy vs bad motives that make executives blameworthy (Hare, 1952).

(3) **Nature of action (deontology ethics)**: doing the right things as fulfillment of one's duty vs doing the wrong thing as violation of one's duty (Kant, 1964).
(4) **Nature of outcomes (teleology or consequential ethics)**: market or corporate outcomes as good if they benefit the maximum number of stakeholders vs bad outcomes if they benefit the least (Anscombe, 1958; Moore, 1912).

This structure in four dichotomies generates $2 \times 2 \times 2 \times 2 = 16$ possible different characterization of corporate executive actions and outcomes in turbulent markets of today. Table 2.2 has all the details.

We generally call a person virtuous who is both rightly ordered and therefore, predictably good. When we attribute a specific virtue to someone, we imply that we can predict a specific behavior relative to that virtue. For instance, a temperate person will enjoy a party without getting drunk; a brave person will neither shun nor search for danger; a just person will take delight in respecting the rights of all people; a prudent person will always assess the costs and benefits before deciding on a value-balanced activity. Each attribution of virtue describes someone as rightly ordered in a specific area of human activity. Often goodness is not even presumed. And in general, we call someone virtuous, if that person demonstrates striving to right activity in all the dimensions of his or her personality. To remark that a person is virtuous is to predict that the person will consistently perform rightly ordered behavior (Keenan, 1992, p. 10). In practice, that person is temperate, brave, just, and prudent. People who are rightly ordered are persons with virtues: their will, reason, and passions are ordered. As habits of living or conduct, virtues belong to those who live rightly (Fagothey, 1959). In turn, virtues enable persons to act rightly. The virtues are acquired not by repeatedly performing the same types of actions but by intending and executing the same types of actions: the virtues are acquired willfully and not accidentally (Keenan, 1992, p. 13).

In defending virtue, an important question is w*hy should one live according to reason and choose the golden mean between excesses*? For instance, if our conception of a good and successful life were amassing wealth and power, then would not ruthlessness be a virtue? If as business executives, our corporate mission were to grow, expand, make profits, and dominate the market, then would not ruthless cutthroat competition and price wars be a virtue? If as business management executives our success was defined by higher sales, higher revenues, higher market share, and higher profits, then would not ruthless undercutting competition, blocking market entry, price dumping, predatory pricing, exorbitant pricing, price-gouging, and the like be executive business virtues than vices? Thus, in defending both intellectual and moral virtues, we cannot consider merely their contribution to some end, but must also inquire into the morality of the end itself (Boatright, 2000, p. 64).

Currently applying the Aristotelian approach of virtue to business, some recent authors (e.g., Gadamer, 1975; Morris, 1997; Solomon, 1992a) have developed the notion of business as a human endeavor in which executives ought to find fulfillment and therefore, emphasize the need for virtue in business.

Table 2.2: A Taxonomy of Corporate Executive Behaviors in Turbulent Markets.

Virtue as Habitual Pre-dispositions (Virtue Ethics)	Agent's Motives (Morality Ethics)	Nature of Action (Deontology Ethics)	Nature of Outcomes (Teleology Ethics) Consequentialism (Anscombe, 1958)	Possible Characterization of Corporate Executive Actions in Turbulent Markets
Goodness as striving and wanting to be right; (goodness can make people good (Kant, 1964))	Good Motives (makes one praiseworthy (Hare, 1952))	Right (e.g., fulfilling one's duty – (Kant, 1964))	Good (benefits the maximum; Moore, 1912)	Case 01: goodness striving and with good motives, corporate executives do the right thing rightly (i.e., fulfill duty with good corporate outcomes that benefit the maximum). This is *corporate Morality at its best*
			Bad (benefits the least; Moore, 1912)	Case 02: goodness striving and with good motives, corporate executives do the right thing wrongly (i.e., fulfill one's duty but with bad corporate outcomes), owing to inevitable circumstances or turbulent markets. This action predicates corporate morality because of antecedent goodness striving, good motives, and doing the right action. This could be at its worst, *corporate failure without guilt*
		Wrong (e.g., violating one's duty, Kant, 1964)	Good (benefits the maximum)	Case 03: goodness striving and with good motives, corporate executives do the wrong action rightly (i.e., violating one's duty but resulting in good

			corporate outcomes). The latter could be due to luck, or one's *moral ingenuity* of deriving good out of bad. This could be a *moral hazard if the executive was* forced to violate duty (due to turbulent markets) that clever executives turn into good results − this case may reflect *moral courage*
		Bad (benefits the least)	Case 04: goodness striving and with good motives, executives do the wrong action wrongly (i.e., violate one's duty and with bad corporate outcomes). If both are forced by turbulent markets, then this case could reflect *moral incompetence or weakness* in combatting market turbulence
Bad motives [makes one blameworthy (Hare, 1952)]	Right (e.g., fulfilling one's duty)	Good (benefits the maximum)	Case 05: goodness striving but with bad motives, executives do the right action rightly (i.e., doing duty with bad motives that result in good corporate outcomes). This could be corporate ingenuity or *moral shrewdness*
		Bad (benefits the least)	Case 06: goodness striving but with bad motives, executives do the right action wrongly (i.e., do duty with bad motives that also result in bad corporate outcomes, possibly owing to turbulent

Virtue as Habitual Pre-dispositions (Virtue Ethics)	Agent's Motives (Morality Ethics)	Nature of Action (Deontology Ethics)	Nature of Outcomes (Teleology Ethics) Consequentialism (Anscombe, 1958)	Possible Characterization of Corporate Executive Actions in Turbulent Markets
				markets. This action could predicate *corporate morality* if dominated by goodness striving
		Wrong (e.g., violating one's duty)	Good (benefits the maximum)	Case 07: goodness striving but with bad motives, corporate executives do the wrong action rightly (i.e., violating duty mixed with bad motives with good corporate outcomes owing to luck. This *is moral serendipity or contingency* that the executive may not take credit for
			Bad (benefits the least)	Case 08: goodness striving but with bad motives, executives do the wrong action wrongly (i.e., violating duty with bad motives and bad corporate outcomes). This is *moral perplexity* — occasioned by turbulent markets that may force bad motives, violation of duty, and bad results
Badness as not striving and not wanting to be right [badness can make people bad (Kant, 1964)]	Good motives (makes one praiseworthy)	Right (e.g., fulfilling one's duty)	Good (benefits the maximum)	Case 09: badness-striving but with good motives, executives do right things rightly — good corporate results (e.g., *a benevolent corporate success*)

		Bad (benefits the least)	Case 10: badness-striving but with good motives, corporate executives do right things wrongly − (i.e., with bad market results (e.g., *a benevolent market failure*)
	Wrong (e.g., violating one's duty)	Good (benefits the maximum)	Case 11: badness-striving but with good motives, corporate executives do wrong things rightly − good corporate results (e.g., *a benevolent corporate contingency*)
		Bad (benefits the least)	Case 12: badness-striving but with good motives corporate executives doing wrong things wrongly (i.e., with bad corporate outcomes) − *a benevolent corporate and market failure*
Bad motives [makes one blameworthy]	Right (e.g., fulfilling one's duty)	Good (benefits the maximum)	Case 13: badness-striving with bad motives, corporate executives happen to do right things rightly − with good market results (e.g., *an immoral corporate success*)
		Bad (benefits the least)	Case 14: badness-striving with bad motives, corporate executives happen to do wrong things rightly − with good market results − (e.g., *an immoral market failure*)

Table 2.2: (*Continued*)

Virtue as Habitual Pre-dispositions (Virtue Ethics)	Agent's Motives (Morality Ethics)	Nature of Action (Deontology Ethics)	Nature of Outcomes (Teleology Ethics) Consequentialism (Anscombe, 1958)	Possible Characterization of Corporate Executive Actions in Turbulent Markets
		Wrong (e.g., violating one's duty)	Good (benefits the maximum)	Case 15: badness-striving with bad motives, corporate executives do wrong things rightly − with good market results − (e.g., *an immoral and evil corporate failure with market success*)
			Bad (benefits the least)	Case 16: badness-striving with bad motives, executives do wrong things wrongly − with bad market results − (e.g., *an immoral corporate outcome failure*); if done persistently, it is *moral turpitude or moral depravity*

Corporations are wherein many executives spend most of their adult life. If executives must achieve happiness and develop as full human beings, then corporations should nurture a corporate climate or culture that will facilitate this development. "The virtue approach to business is a valuable reminder that business is part of human life and so part of moral life" (De George, 1999, p. 125).

Similarly, when thinking about a moral business management decision, one often thinks not so much of what one is obliged to do, but instead of the *kind of person one would be by doing it* (Hauerwas, 1981, 1983; Pincoffs, 1986). To act rightly is to act rightly in affect and conduct. Discerning the morally salient features of a situation is part of expressing virtue and part of the morally appropriate response. Pursuing the ends of virtue does not begin with making choices, but with recognizing the circumstances relevant to specific ends. In this sense, character is expressed in what one *sees* as much as what one *does* (Sherman, 1987, p. 4). Knowing how to discern the particulars is a mark of virtue (Aristotle, *NE*). Thus, in executing the business management decision, besides asking the question whether the decision is morally good or bad, right or wrong, fair or unfair, one should also ask more important questions such as – would I be honest or dishonest, sincere or insincere, selfish or unselfish, in deciding and acting so?

Virtue ethics addresses these questions. While moral rules and principles (e.g., deontological, teleological) are clearly essential to guide ethical executive choices, principles without virtuous character traits are impotent (Anscombe, 1958; Frankena, 1973), and "ethics without virtue is an illusion" (Kreeft, 1992). Principles by themselves do not provide the vision of moral good life and character that virtue ethics emphasizes (Keenan, 1995; Porter, 1991, 1997; Spohn, 1992; Williams & Murphy, 1990). "An action motivated by the right principle but lacking in the right gesture or feeling falls short of the mean: it does not express virtue" (Sherman, 1987, p. 2).

We must distinguish and contrast wisdom from *cleverness, shrewdness, cunningness,* and other manipulative capacities in business management and transformations. The latter are often invoked in the pursuit of overstating sales, revenue, market share, and profit; these so-called creative accounting skills may often imply taking right steps but to wrong ends or wrong steps to defensible ends (Alderson, 1964; Bollier, 1997; Galbraith, 1971). Real business management-transformation wisdom or prudence *takes right steps to right ends*, especially those that serve the common good of all stakeholder communities and society.

There may be a strategic virtue in doing things rightly, but there is a moral virtue in *doing right things rightly* (Aristotle, *NE*). In a similar sense, vices such as vanity, avarice, greed, and worldliness are contrary to wisdom, since they pursue wrong values. Vanity sees admiration as the highest value; worldliness pursues good life primarily in terms of wealth and power; avarice and greed seek money and other money equivalents (such as land, investments, businesses, wealth) as supreme values. Virtues strike a golden mean between the excesses of too much or too little of the kind.

2.18. Benevolence and the Four Cardinal Executive Virtues

Not all good people are virtuous or rightly ordered; some good people may still be disordered in some areas of their life. Hence, beyond the virtues of temperance, courage, justice, and prudence, moral philosophers postulate a fifth virtue that conditions all these four cardinal virtues to make the person good: *charity or benevolence* (Keenan, 1992, p. 11; Rahner, 1966). Charity or benevolence does not only mean performing charitable acts; this is one of its outcomes. Real charity or benevolence is the love that strives for greater union with God and neighbor through attempts that realize right living.

Charity or benevolence is a virtue of *striving*, whereas temperance, courage, justice, and prudence are virtues of *attaining*. Benevolence (or charity) is the moral description for a person who literally strives to realize rightness (Frankena, 1973). The benevolent person's will is bent on right realization, but it may not always attain the beneficial act (Schüller, 1979, p. 188ff). The benevolent person is good, but his or her behavior may sometimes miss the mark (Keenan, 1992, p. 11). Thus, when someone possesses the four cardinal virtues, that person is rightly ordered; if in addition that person is also benevolent, that person is good. Conversely, one may be benevolent but not with the four cardinal virtues: this person *strives* to be temperate, brave, just, and prudent, but has not yet *attained* such integration. That is, many people may be benevolent, but not yet brave, temperate, just, and prudent; but notwithstanding their failure to attain rightness, they often may mean well, try hard, and certainly wish to be otherwise.

Any willful exercise is twofold: the primary exercise out of which we are moved and the secondary exercise by which we execute the judgment to act. The primary exercise defines goodness; the secondary exercise defines rightness. For instance, out of benevolence, a mother may judge to overlook the wrongdoing of a child. The mother is good, because she is seeking what is right for the child. Nevertheless, perhaps the child actually needs in this particular instance to be corrected or punished. If so, then the act of "overlooking" is wrong in this case; by exercising this wrong judgment, the mother is failing to grow in parental prudence. The first exercise of being moved by benevolence has no connection to rightness, as it does not necessitate a right judgment. However, it requires the willingness to exercise oneself toward what one believes is right judgment (Keenan, 1992, pp. 55−56).

The cardinal virtues are connected. The basic intellectual virtue among these four is *prudence*: the practical reason (phronesis according to Aristotle, *NE*). It looks forward to the overall end of life and sets the agenda for attaining that end and all intermediate ends (Aquinas, *ST*); it discerns and sets the standards of moral action. Hence, Aristotle (*NE*) and Aquinas (*ST*) held the *absolute priority of prudence*: no acquired virtue is more important. That is, prudence governs all the other three cardinal virtues. That is, prudence can properly direct the agent to be just, temperate, and fortitudinous. Fortitude or courage perfects the irascible or struggling power; temperance or moderation perfects the concupiscible or desiring struggle in us. Both fortitude and temperance primarily reflect the

morals of the body: they order us interiorly. However, we pursue temperance and fortitude in order to be more just. Next to prudence, justice is the chief moral virtue. Justice is the *only relational virtue*. Justice relates us to others and orders all our relationships and exterior activities with people (Rawls, 1971). A virtue is greater to the extent it expresses higher and more rational good. Justice expresses that greater good both by the fact that it is in the rational appetite and thus nearer reason, and because it alone orders not only the agent, but also the agent in relationship to others. For this reason, justice is the chief moral virtue (Aquinas, *ST*, pp. I−II, 66.4).

2.19.   Cardinal Corporate Virtues in Conflict

To the extent that prudence, justice, fortitude, and temperance have their own domain and subject matter, they may not conflict, nor have competitive claims against each other. In their hierarchical relationship to reason, prudence comes first, then justice, then fortitude, and temperance. That is, while temperance governs all our interior appetites, fortitude governs our appetites in relation to others, and justice governs all our external actions, prudence governs the right dispensation of justice, fortitude, and temperance. Hence, a descending hierarchical sequence, both logical and ontological, from prudence to justice to fortitude, and to temperance seems intuitively reasonable. If there is any conflict between temperance, fortitude, and justice, then justice would take simple priority (Aquinas, *ST*; pp. I−II, 61.2−61.4; 66.4). Thus, according to Aquinas, justice holds a privileged place; it has no competition; it is both necessary and sufficient by itself.

But giving justice too much priority and prominence may degenerate virtue ethics back to a distributive justice ethic of principles and rules, precisely what virtue ethics is trying to avoid. Hence, contemporary virtue ethics scholars do not accord justice its self-sufficiency, but instead twin justice with other virtues such as trust or faith, love or charity. Contemporary virtue ethics acknowledges the possibility that cardinal virtues could be in competition or conflict with one another (Spohn, 1992). In this sense, virtue ethics concurs with deontologists and teleologists in maintaining that conflict among key directing guidelines is inherent to all methods of moral reasoning (Keenan, 1995).

Frankena (1973, p. 52), for instance, saw irresolvable conflict between the two fundamental principles of beneficence and justice. In the context of biomedical ethics, Beauchamp and Childress (1989, p. 211) argue that there is no overriding authority or principle in either the patient or the physician, not even to act in the patient's best interest. Similarly, Hauerwas (1981, p. 144) argues that we have the task of sorting out conflicting values throughout our moral lives; that is, in the long run, we must live a life that ethically incorporates a variety of relational claims that are made on us. This we do through the narrative of our lives we live.

Thus, the virtues are related to one another not in some inherent way as was argued by the classical exponents of cardinal virtues. Nor do they complement

one another per se. Rather, "they become integrated in the life of the prudent person who lives them" (Keenan, 1995, p. 722). The unity of the virtues is found not in some theoretical apportioning of the cardinal virtues to specific powers or faculties; it is found rather in the final living out of lives shaped by prudence anticipating and responding to virtuous claims.

2.20.   Concluding Remarks

Much of right moral conduct cannot be codified in rules and principles. Real moral situations are too complex: while moral rules are too general and simplistic. "Substantive virtues" such as benevolence, justice, and generosity make one more responsive to moral claims, and "enabling virtues" like empathy and sensitivity can conscientize us to the demands of particular cases. In such cases, the judgments of virtue will be primary and judgments of rightness derivative (Trianosky, 1990, p. 342). Prudent and wise persons whose virtue incorporates an appreciation of the basic principles of moral rightness will make the best practical judgments (Hursthouse, 1991), most tolerant pluralists (Mara, 1989), or good citizens (Burt, 1990).

Other skills-related excellences such as expertise in science (medicine, engineering, nuclear physics), in commerce (business, law, politics), in arts (music, poetry, writing), in crafts (painting, sculpting, building), and in sports (racing, skiing, skating, pitching) require tremendous body—power, mind—concentration, and willpower, and may be considered as "moral" virtues in so far as these "capacities" are put to good humanitarian use. *Virtue ethics* also focuses on human virtues, albeit a much longer list. For example, Pincoffs, giving new life to the ideas of Aristotle, offers a list of over six dozen virtues (*NE*, p. 85). He argues that the *development* of virtuous character should be a primary goal of the human condition, and he identifies four classes of virtues: esthetic, ameliorating, instrumental, and moral. Virtue ethics is about conditioning oneself to act morally as a matter of habit (Jones et al., 2007, pp. 139—140).

Dimensions of Executive Virtue

Contemporary moral philosophers argue that executed acts are not necessary for the moral description of persons. That is, goodness (or badness) is not consequent to questions of rightness or wrongness but antecedent to it, distinct from it, determinative of it.

Persons are good who strive to realize the right, and actions are right when they satisfactorily fulfill the demands of protecting and promoting values (pp. 20—21).

Thus, a person who performs a wrong action can be called good for performing the action, as long he strives to do the right. Thus, we no longer call people good if they do good actions, rather we call them good when they strive to realize rightness (p. 21).

Conversely, people are bad not when they perform "bad" actions but when they fail to strive to perform the right. Badness, then, is not simply acting out of selfishness or malice; prior to act, badness pertains to the failure to strive for rightness (Keenan, 1992, p. 21).

Contemporary understanding of moral goodness is fundamentally related to the concept of human freedom. Due to nature, nurture, economics, luck, and other external causes, some people are more capable of realizing right activity and goodness. Some have a ready disposition to be temperate, or just or prudent (p. 21).

In general, people perform right activity based on their strengths and wrong activity from their weaknesses. Since each person has a different set of strengths and weaknesses, each person is differently inclined to right or wrong (p. 21).

One could improve upon one's strengths and reduce one's weaknesses – this is the exercise of virtue by which one orders oneself. The more a person enjoys personal freedom, the more is that person rightly ordered, and vice versa (p. 21).

Moral goodness always requires that we strive to realize the right. Failure to strive to realize the right is moral failure.

Moral goodness as a striving is not simply wishing; it is actual self-motivation willing to consider all the factors necessary to moral living, to deliberate about them, and to execute the decision. That is, moral goodness is found in the exercise of the will to do and be good – this is virtue ethics.

The contrary of moral goodness is not the willingness to be bad, but the failure to be good. The will becomes or is morally bad in its failure to consider all the values and factors that pertain to moral life.

We grow in virtue only if we exercise right acts in relation to that virtue. If we do not exercise right or virtuous acts, we do not become rightly ordered or virtuous. Exercise needs both encouragement to execute the act and the wisdom to know which act to execute, in which case exercise follows reason.

Not all good people are virtuous or rightly ordered; some good people may still be disordered in some areas of their life. Hence, beyond the virtues of temperance, courage, justice, and prudence, moral philosophers postulate a fifth virtue that conditions all these four cardinal virtues to make the person good: charity or benevolence.

Charity or benevolence is a virtue of *striving*, whereas temperance, courage, justice, and prudence are virtues of *attaining*. Benevolence (or charity) is the moral description for a person who literally strives to realize rightness.

Any willful exercise of virtue is twofold: the primary exercise out of which we are moved and the secondary exercise by which we execute the judgment to act. The primary exercise defines goodness; the secondary exercise defines rightness.

NOTES

1. St. Thomas Aquinas's (1225–1274) greatest work was the *Summa Theologica* (Designated as *ST*) written in Latin and in three parts (STI, STII-I, STII-II, and STIII), with the second part written in two parts. In general, STI is on God and Creation; STII-I and STII-II are on ethics and virtues; STIII is on Christ and Eschatology. ST is the fullest

presentation of his views. He worked on ST from the time of Pope Clement IV (after 1265) until the end of his life. When he died, he had reached Question 90 of Part III (on the subject of penance). The Summa was translated into Greek (c.1327), Armenian, many European languages, and Chinese. The earliest well-circulated translation in English dates from 1907. STII is divided into two parts. The first part comprises 114 questions, and the second part comprises 189. STII-I and STII-II (both relevant to us) are composed as follows: STII-I: Treatise on the last ends (qq. 1−5); on human acts: acts peculiar to humans (qq. 6−21); on the passions (qq. 22−48); on habits in general (qq. 49−54); on habits in particular (qq. 55−89; Good habits, i.e., virtues (qq. 55−70)}; on law (qq. 90−108) and treatise on grace (qq. 109−114). Second part of Part II (*ST* II-II) is a treatise on the theological virtues (qq. 1−46); on the cardinal virtues (qq. 47−170): on prudence (qq. 47−56), on justice (qq. 57−122), and on fortitude and temperance (qq. 123−170); on gratuitous graces (qq. 171−182) and treatise on the states of life (qq. 183−189). The major theme of STII is man's striving for the highest end, which is the blessedness of the beatific vision. St. Thomas develops his system of ethics that has its roots in Aristotle.

2. In the Indian tradition, the primary sources of wisdom about human nature and evolution are in two categories. The first category, which includes the Vedas, the Upanishads, and the Bhagavad Gita, deals with the fundamental nature of the ultimate reality that transcends time and approaches that facilitate experiential awareness and knowledge of this reality (Griffith, 2005; Radhakrishnan, 1973, 1994; Radhakrishnan & Moore, 1957). The second category, which includes the epics Mahabharatha and Ramayana (Ganguli, 1883; Griffith, 1915), recognizes the contingent nature of how beliefs about the nature of reality translate into values and accordingly dwells on delineation of values according to place and circumstance. The epics, though ancient, are well known and disseminated. These ancient texts contain detailed descriptions of philosophical systems clarifying ontological and epistemic issues with direct implications for values and appropriate modes of action. A study of both these texts enables a complete description of a personal belief system (Brendel et al., 2016).

3. For Thomas Aquinas (*ST* I-II, 61), the cardinal virtues correspond to and perfect four powers: (1) prudence is related to the power of practical reason; (2) justice to the will-power; (3) temperance to the concupiscible power, and (4) fortitude to the irascible power. According to Aquinas, the virtue of justice is "a habit whereby a man renders to each one his due by a constant and perpetual will" (*ST* II-II, q 58, a 8). Thus, justice as a particular type of virtue is an external virtue. It does not primarily focus on regulating the internal character of the agent by ordering the passions (as do the virtues of temperance and fortitude); instead, it focuses on the results of the agent's actions in the external world, the concrete effect they have upon the lives, property, and interests of other people (Kaveny, 2009, p. 119). Temperance and fortitude are predominantly at the service of justice, and prudence determines the nature and choices of justice.

4. The traditional English translation of *eudemonia* is happiness, possibly stemming from its Latin translation, *felicitas*. Cooper (1985, p. 89, footnote 1) finds this inadequate, since happiness is predominantly a subjective psychological state that is temporal and recurrent. Much of what Aristotle says about *eudemonia* is not fully captured by "happiness" since *eudemonia* implies a full, long-lasting adult life of fulfillment (*NE* 17 1098 a18−20; EE 1219b5). Cooper (1985, p. 89), following Anscombe (1958), suggests instead the postmodernist term "human flourishing" as an adequate rendering of *eudemonia*: flourishing implies the possession, use, and fulfillment of one's mature powers or natural capacities over a long period of time (*NE* I 10 1100 a22−30, 1101a22ff). *Eudemonia* is central to Aristotelian ethics. Even though Aristotle treats it only in the Fourth Book of *Nichomachean Ethics*, yet the first two chapters prepare for it by seeking answer to the

question: "What is at the most extreme limit of all good things achievable in action?" (*NE* I 2 1094a18−9; EE I 2 1214b7−9). Eudemonia is this "ultimate end" of all human yearning.

5. We may characterize the current debate on ethical assessment of executive behavior as polarized along three behavior aspects: the person acting, the act itself, and the consequences. The first, person-based ethics, popularly known as virtue ethics, is advocated by many moral philosophers such as Aristotle (*NE*), Aquinas (*ST*), Carney (1973), Frankena (1973, 1975), Hauerwas (1975), and MacIntyre (1981), and among marketing scholars, by Morgan and Hunt (1994) and Williams and Murphy (1990). The second, act-based ethics is basically deontological ethics, while the third consequences-based ethics is teleological ethics. After Alasdair MacIntyre (1981) most influential work *After Virtue*, virtue or person-based ethics is gathering momentum and advocates.