

Moral Issues in Business-Phil 2230

“Aristotle Virtue of Ethics”

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Aristotle's Virtue of Ethics concerning business

Aristotle commonly referred to as 'the philosopher' came up with a code of ethics regarding the theory of life, the theory of intrinsic and moral relations to material goods and the theory of extrinsic and social ties to material goods. He was also the most practical and business influenced philosopher of all time. Aristotle is also popularly known as the enemy of business and the economist pioneer. The phrase 'business is business' is no longer relevant as it usually appears as an excuse to become irresponsible. Dierksmeier and Pirson (2011) state that when Aristotle observed all living things, he viewed that every living thing has a purpose and a goal. In other terms, life ascribes a goal to each living thing which it strives to achieve, for example, plants need soil and water to grow, and given these conditions will grow to maturity. This observation is also known as teleology which is the belief that everything that exists has a particular goal and a purpose, for instance, a unicorn grows into an oak tree. Dierksmeier and Pirson (2011) further state that human beings and organizations are also assigned a purpose and a goal; however, they do not follow a set path due to liberty and agency. Liberty and agency can be attributed to external environmental factors that may affect the development of human beings. On the theory of life in relation to business, Aristotle viewed the rules of money-making as tiresome. He argued that what should be considered economics was the concern for a morally upright person and public household management. Aristotle's definition of sound economics was not meant in establishing a theory of behaviour. Aristotle's view contradicts with the modern economic view. The questions raised were what specific ends should organizations strive for and the right methods to measure economic prosperity. Still, the primary question was how the economy contributes to human life itself. To answer these questions, we should consider what humans genuinely value. Aristotle's view is that most things are desired absolutely but not

relatively and that most items are used as a means to other ends and goods. He also stresses that the reason why we do everything we do is to achieve happiness. Lasting happiness can only be achieved through continuous practice of virtues, e.g. courage and honesty. Virtue is something that we are meant to do as human beings. It is only when we let our virtues be corrupted by our emotions and appetites that we don't achieve lasting happiness.

Aristotle also stresses on virtues. He states that morality is practical wisdom and that character is developed through systematic practices. Aristotle says that one should strive to achieve the virtues of wisdom, courage, and enduring spirit, tenacity, freedom, greatness and control of themselves. One achieves good habits by emulating virtuous people. Virtuous people are people in our society who seem to have already mastered the art of living. We are built on knowing such people and emulating them. He goes ahead and talks about ethical leaders. He states that an ethical leader is one who creates favourable conditions for his followers to enable them to achieve their full potential. However, modernity disagrees with this rule due to the establishment of large organizations where it is difficult to apply this ethical rule of leadership. Aristotle also insists that to be ethical one needs to ask oneself tough questions. **Eudaimonia** is a word that means a life well-lived. It refers to the act of pushing oneself to the limit to achieve success. However, living in a constant search for success 'eudaimonia' does not guarantee success. Instead, Aristotle proposes that one should live a life of honouring their strengths and continually working on their weaknesses.

Concerning the theory of intrinsic and moral relations to material or goods, Dierksmeier and Pirson (2011) state that in order to come up with the needs of life and hence that which should be demanded from the state, people should develop a shared understanding of what is required to live a good life. Aristotle further stated that wealth is not the ultimate goal for human

beings but rather a means to achieve a good life. He argued that the ultimate goal of human beings is achieving happiness. To use wealth well, one should normalize using things rather than owning them. There are typically two methods of incorporating ethics into business, i.e. through action-based approach and agent-based approach. Honesty is the cardinal virtue in business. For any transaction to occur, people have to trust one another. Business also incorporates the virtue of courage as one requires the courage to understand that they will either succeed or fail. For Aristotle, virtues and integrity are very significant in the management of a business.

Virtuous behaviour and practical rationality

Under the practice of virtuous behaviour and practical rationality, Aristotle suggests that we should all strive to achieve a golden mean. For example, one should focus on attaining courage which is a virtue and not the deficiency of courage which is cowardice or excessive courage which is recklessness as these two extremes are vices. On the practice of virtuous behaviour in businesses, many challenges may arise. Five main ethical problems are common in companies nowadays. These ethical problems are commonly related to the areas of accounting technology, privacy and company secrets keeping, social media platforms whereby cyber bullying may occur. Unfortunately, some people and businesses too may be discriminated or undermined due to personal reasons.

The New York Times (2017) published an article titled 'When Money Gets in the Way of Corporate ethics' and the story featured was one of Wells Fargo company whereby investigations were carried out to assess sales practices which resulted in some employees opening fake accounts to meet the set company sales targets. In the report, the company points its finger towards the company leaders for messing with the company's sales model which may have prompted the sales personnel to change data on sales which is a very unethical practice that

unfortunately occurs in many such organizations. The sales personnel, in this case, performed even the worst-case scenario of unethical behaviour by opening malicious accounts using customer details. When Los Angeles city attorney filed a case against Wells Fargo for interfering with customer privacy by using their features, company CEO John Stumph replied by saying that mistakes do happen and it's the way of life.

When relating this recent moral issue in business to Aristotelian ethical standards, we can observe that the sales employees are not virtuous people as they lacked honesty on their part while submitting the sales report of the company. These employees should have practised honesty and gained the courage to provide the correct sales data instead of cooking up information. The employees also fail on the virtue of secret-keeping as they interfere with customer account details and even use them to open fake accounts. The top leaders, on the other hand, also fail to achieve ethical standards as they fail to provide their employees with favourable conditions for them to reach their full potential as proposed by Aristotle. According to my observation, it is clear that these employees lack the courage to report of the accurate sales data because they fear their top company leaders and executives for they might lose their jobs or suffer other consequences which make them lack the courage to face their employers.

In The New York Times (1993) an article titled 'With Full Strategic Control, Kasparov Wins Game 15' was also published regarding a chess competition that took place in London. The chess competition was between the all-time champion Gary Kasparov and British challenger Nigel Short. The competitor who would win the competition was to be awarded \$ 2 million. Let's assume that Gary Kasparov is financially rational whereas British challenger Nigel Short practices rationality in Aristotelian view. Both players would either have similar interests or contradict. For instance, these two players are similar in the sense that they would be playing the

chess tournament to win \$2 million. The two competitors, however, contradict on the factors behind their motivation to succeed. For instance, Gary Kasparov's motivating factor may lie on the external goods such as the \$ 2 million to be won and the popularity that comes along with winning. On the other hand, Nigel Short's motivating factor would be derived from internal goods which are easy to identify. These internal goods can be compared to gaining more skills in chess.

In addition, Gary Kasparov sees the chess tournament as a means to an end whereby the 'end' is money, popularity and power. He, therefore, uses the chess tournament to achieve the 'end'. Nigel Short, on the other hand, views the chess tournament as an "end". To understand Aristotle's view on rationality, Nigel Short sees chess as a 'practice,' i.e. the continuous strive for excellence through practice which justifies the exercise of virtues. Lack of virtue, however, prevents us from achieving those goods altogether. For example, in the business world, a rational finance manager would view financial management as a practice to achieve the internal goods that are related to the activity itself. In contrast, an economically rational financial manager would view finance management as a way to achieve the end, which includes external goods. Both these managers strive for their personal interests. A prudent agent will pursue happiness or excellence what Aristotle called 'Eudaimonia'. Aristotle also states that the constant strive for wealth impoverishes others. Property that is acquired privately should, therefore, be commonly put to use. This notion is because society is the giver of our wealth and thus possesses a right to it.

Aristotle further claims that human beings have constant desire to live together and therefore come together in terms of household units, cities, states and organizations to achieve a common good. One needs to view oneself as a member of a broader community which Aristotle

refers to as the 'Polis,' i.e. city, state etc. He also suggests that within these supportive communities, we should strive and push ourselves to the best versions we can possibly become. Aristotle & Jowett (1999) further support Aristotle's view whereby every city and state is viewed as a community of some sort and within this community is where man has the potential to strive for his best therefore Aristotle advocates that man should always aim to do good to reach his full potential.

The function of economics, therefore, is to show the ways on how to manage public and private households. Private property is very crucial for every household, and the method of gaining wealth is part of managing the household because no human being can live well or even at all unless he or she is provided with his needs. Dierksmeier and Pirson (2011) also support Aristotle's claims that there can be two extremes of everything, for example, there can be either too much or too little sun for plants, there can also be too much or too little food for either an animal or a person. Aristotle advocates that in all areas of life, human beings should strive to achieve moderation and measure. This then defines virtue as striving rationally to a mean between two extremes. In other terms, it is very crucial to assess the reason and outcome of an action. Still, Aristotle adds that the capability to analyze the context of an action is a skill that is gradually developed. People should, therefore, crave to live in a supportive community. However, Aristotle states that a business or an organization cannot serve as that type of a community because in business money is the primary motivation or the most desired thing which therefore dominates virtues, hence the two cannot coexist.

Lastly, regarding Aristotle's influence on politics, he believed that those who wish to lead the community must belong to that specific community 'polis' for example, the same city or state. Aristotle defines a country as a group of citizens who are continually striving towards their life

purpose. Aristotle & Jowett (1999) also state that households make up villages which then make up a community which can be a city or a state. He further says that the reason the state exists is so as to meet the needs of the citizens and continues to exist in the aim of providing its citizens with a good life. Regarding the types of government, Aristotle views the constitutional model of government as the most ideal. The constitutional type of government constitutes of both aristocratic forms of government and democracy. Aristotle further observes that countries all over the world will struggle to identify with one type of government. This struggle he says may erupt in war or chaos amongst people of the same 'polis'. Aristotle also classifies ethics and politics as two related but different fields of study. He states that ethics assesses the good of a human being. In contrast, politics determines the good of a country. Aristotle also insists that for one to be virtuous one must also be practical and that the aim to become an ethical person is to be good and not merely just bare knowledge.

In conclusion, Aristotle heavily contributed to the field of business through his set of ethics, which include courage, honesty, tenacity, prudence, wisdom, among others. He stresses that people should identify themselves with a community, e.g., a city or a state but insists that an organization or a business cannot serve as that type of community because, in business, money is the overriding factor. Aristotle also views that the ultimate goal for every person is to achieve happiness and also recognizes that wealth is not the ultimate goal of any person but the means to the end, which is happiness. Aristotelian view on business leaders contradicts with modernity as he insists that leaders should provide favourable conditions to their employees to help them reach their full potential however this is not applicable in the modern days due to the existence of large organizations.

References

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