

# The Heart of the Good Institution

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VOLUME 38

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Howard Harris • Gayathri Wijesinghe  
Stephen McKenzie  
Editors

# The Heart of the Good Institution

Virtue Ethics as a Framework  
for Responsible Management

 Springer

*Editors*

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# Chapter 1

## Introduction

Howard Harris, Gayathri Wijesinghe, and Stephen McKenzie

The founding proposition of this book is that virtue ethics theory has the potential to create and sustain ‘good’ enterprises. That potential has yet to be fully realised. A common concern for the maintenance of the virtuous purpose within organisations unites the contributions in this volume, bringing together theoretical explorations of the role of virtue in collective human endeavour with a concern for the executive role of managers.

### Outline

This book takes as its starting point the proposition that virtue ethics – a theoretical system regarding the role of virtues in collective human endeavour, expressed by Aristotle and Confucius in ancient times, revived by Phillipa Foot in the middle of the last century, developed by Alasdair MacIntyre in the 1980s, and reshaped by many subsequent writers – has potential for leaders and managers trying to create and sustain ‘good’ organisations and institutions. The proposition is explored through a series of 12 individual and collaborative contributions across a range of disciplines. Some articles are purely theoretical, while others have been drawn from recent research data. The volume is international in scope, having contributors from Australia, New Zealand, the United Kingdom and Italy.

At the heart of MacIntyre’s theory is the notion of a ‘practice’: that is, a collective human endeavour in which individuals strive for excellence and are bettered in the process, both technically and morally. Generally, all the papers in the collection

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contend, in one way or another, that ‘good’ management is based at least partly on the maintenance of a ‘practice’, as a ‘good’ organisation must strive for excellence rather than focusing solely on external outcomes such as financial success.

But can management itself be considered a practice? The papers by Geoff Moore and Tony O’Malley are deliberately positioned in the first section to draw the reader into a detailed argument over MacIntyre’s conviction that management can never be a practice, as it is focused solely on external goods. Here the reader is introduced to nuances in MacIntyre’s conception of a practice, with Moore arguing that it may at least be considered a moral activity if it centres on a practice, and O’Malley arguing that in most respects management may be counted as a practice according to MacIntyre’s own definition.

Another major issue the book tackles is one of judgement. A common tenet of virtue theory systems is that rule-based methods for decision-making are insufficient to deal with the moral complexity of organisational life and that in many cases moral judgements are individual and personal, and cannot therefore be made by rote. Chris Provis’ paper progresses the opening section with an argument about the importance of moral reasoning in decision-making processes within organisations. Such moral reasoning often requires managerial courage, and Howard Harris explores this virtue within both management and virtue theory to conclude the section.

This triad of themes – management, practice and virtue – are explored more thoroughly in the second section, which looks directly at leadership, vice and virtue within organisations and within practices more generally. Several papers explore the way in which particular kinds of organisations can encourage vice to flourish, in some cases alongside virtue.

Erich Fein’s paper opens the second section with a review of existing literature on leadership theory and discusses the potential role of virtue ethics research as an exciting means of capturing key elements of reflection, planning, and decision-making within person-based approaches to leadership. Turning to practical application, Mario Carrassi’s paper describes how a business can adapt the strategic planning process to engage members of the organisation in an exploration of the moral reasoning behind major decisions and corporate intent. Patricia Grant and Peter McGee look directly at vice, examining the role of narcissism in the recent collapse of two New Zealand financial organisations. Finally, Helen Rusak and Stephen McKenzie’s paper broadens the definition of both practice and organisation, looking at issues of dishonesty in copyright attribution on YouTube, ultimately arguing that YouTube is not a practice, as excellence is not commonly pursued there, but has potential to become a practice if standards of excellence are developed.

The inclusion of a paper on YouTube should alert the reader that the volume in hand is innovative in its applications of virtue theory to fields of study beyond business ethics. The three papers in the third section use virtue-driven conceptions of organisational sustainability, moral agency, and internal goods to find the path to the heart of the good institution. Tracy Wilcox, in an example from human resource management, examines the complex question of whether a potentially vicious activity (downsizing) can be conducted in a virtuous way if the manager seeks internal



goods rather than external gain for the institution. Gayathri Wijesinghe notes the demise of hospitality in traditional societies from a social institution based on practice to an economic activity based on a desire for external goods, and explores how the cultivation of a virtue ethics driven pedagogy of hospitality practice can provide a positive solution. This need to consider internal goods is also the focus of Stephen McKenzie's paper in relation to triple bottom line considerations of social sustainability. McKenzie concludes this section with a case study of Toyota Australia's TBL reporting, noting the contribution that virtue ethics theory can make to extending social sustainability theory.

Each section has a short introduction noting key points in the chapters to follow. A paper by Michael Schwartz on virtue theory and narrative forms the book's conclusion. Footnotes to this chapter draw out the connections between the other papers in the volume.

In summary, this is an innovative collection, gaining theoretical strength from papers by established scholars in the fields of management ethics and organisational psychology, and developing new territory through other contributions from writers outside these fields, who use virtue theory as a lens for their own specific concerns; papers on human resources, music and information technology and hospitality make this a truly multidisciplinary collection, unified by a common concern for the maintenance of the virtuous purpose within organisations.

## History of the Project

In 2007 a small group of academics, each of them interested both in virtue ethics and teaching in a management school, joined in a proposal for a United Kingdom-Australia project to explore their common interests. Funding was not forthcoming but the project continued. At the 2008 annual conference of the Australian Association for Professional and Applied Ethics (AAPAE) in Brisbane there were a small number of papers and a workshop, with industry participants. Throughout the project has sought the involvement of organisations and managers because one key intention has been that the project should produce some tools which could be used in enterprises to enhance performance and virtue.

The following year there was a mini-conference on virtue ethics and business at the Association for Practical and Professional Ethics (APPE) annual meeting in Cincinnati, once again with an emphasis on engaging practitioners. Geoff Moore and Howard Harris, both subsequent contributors to the volume, took leading roles at the mini-conference, along with Leslie Sekerka who participated in a number of subsequent activities but is not a contributor to the volume itself. A 5-year plan for the project, now with the title 'Virtue ethics as a framework for responsible management', had been developed at the time of the Brisbane conference. That plan included a series of publications and continued industry involvement. (David Dawson from the Cheltenham Business School played a key role in the development of that plan and in the initial grant applications.)

In 2009 Moore and Sekerka visited Australia, at the invitation of the Group for research in Integrity and Governance based in the School of Management at the University of South Australia. That group, with a wide discipline base including tourism, philosophy, management, ethics and education, had taken up the idea of a virtue ethics book as a project which would engage many of its members. There was a full day workshop in Adelaide attended by Moore and Sekerka, at which draft chapters were presented, followed by participation at the AAPAE conference in Sydney. By now the focus was clearly on an Aristotelian virtue ethics and on MacIntyre's notion of 'practice'. The relevance of this approach was confirmed when a number of participants in the Sydney conference sought inclusion in the book, extending the authorship beyond the United Kingdom, United States and Australia to New Zealand. Later there would be a contribution from Italy.

The international nature of the project is further demonstrated by noting that the first meeting with our publisher was at the conference in Trento, Italy, a meeting of the European Business Ethics Network. The larger plan remains, and although it is well behind schedule, the mini-conference, workshops and the book are evidence of progress.

# Part I

## Can Management Be a Practice?

Howard Harris, Gayathri Wijesinghe, and Stephen McKenzie

According to MacIntyre, Management is not a practice, in the sense that it is not a 'coherent and complex form of socially established cooperative human activity through which goods internal to that form of activity are realised' in the pursuit of excellence and the extension of 'human conceptions of good' (MacIntyre 2007, 187). Whether it is the specific question of whether management is a practice, defined in this way, or the more general question of what *is* a practice, many authors in the collection consider this topic.

Geoff Moore begins our book with a detailed argument that management can be considered a practice, by extending MacIntyre's model with the concept of a *secondary practice*, and drawing attention to the role of (senior) management in sustaining the institution in which other practices can take place. Tony O'Malley approaches the question from another direction, assessing management, as described by some of the most respected management writers of the late twentieth century, against the various elements of the MacIntyre definition. Management is, he finds, a coherent and complex form of social activity, socially established and cooperative. It can, and often does, establish standards of excellence and assess achievement against them, and in some enterprises, such as in the visionary or excellent companies of Collins and Porras or Peters and Waterman, the achievement of internal goods is an important element of corporate culture and management responsibility. Management, O'Malley admits, is not a practice when it 'treats ends as given'. MacIntyre (2007, 30) sees all managers in this light, which excludes management from being a practice, but O'Malley points to the existence of companies that are values driven and successful. Where managers seek after good, then management is a practice, he argues.

Whether one takes Moore's view – that there are two practices within an institution – or O'Malley's view – that management is a practice provided that managers seek to do good – it is clear that managers need a range of capabilities if they are to be both virtuous *and* financially successful. The importance of two such capabilities, courage and sound moral judgement, is discussed in the two chapters following the consideration by Moore and O'Malley of the management-as-practice question. There is a movement here to looking at what individuals can do, but it is not a

complete thematic break from the organizational to the individual level. Chris Provis shows that the development of intuitive judgement is greatly aided by social exchange in the practice of management, and Howard Harris shows how courage is developed within communities.

## Reference

MacIntyre, Alasdair. 2007. *After Virtue*, 3rd ed. London: Duckworth

# Chapter 2

## Re-imagining the Morality of Management: A Modern Virtue Ethics Approach\*

Geoff Moore

### Introduction

The British newspaper *The Observer* carried the following as part of an article published on 9 April 1944. It referred to Albert Speer, Hitler's Minister for Armaments and War Production. It suggested that even though Speer was not one of the more flamboyant Nazis, he was more important to Germany than Hitler, Himmler, Goering or the generals. For Speer

is very much the successful average man, well-dressed, civil, noncorrupt, very middle class in his style of life, with a wife and six children. Much less than any of the other German leaders does he stand for anything particularly German or particularly Nazi. He rather symbolises a type which is becoming increasingly important in all belligerent countries: the pure technician, the classless bright young man without background, with no other original aim than to make his way in the world and no other means than his technical and managerial ability. It is the lack of psychological and spiritual ballast, and the ease with which he handles the terrifying technical and organizational machinery of our age, which makes this type go extremely far nowadays ... This is their age; the Hitlers, the Himmlers we may get rid of, but the Speers, whatever happens to this particular special man, will long be with us. (Cited in Hauerwas 2001, 214)

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\*A previous version of this chapter was published in *Business Ethics Quarterly*, 2008, 18(4):483–511. I am grateful to the publishers, the Philosophy Documentation Centre, for permission to reproduce it here. I have made a small number of changes from the original paper.

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This quotation, and the ‘calculating instinct’ associated with it (see ten Bos and Willmott 2001, 782),<sup>1</sup> brings home with some force the issue with which this chapter is concerned – the amorality, or perhaps better and more hopefully, the morality of management. Although I will suggest at the end that the model of management, and hence the morality of management, that I propose has universal application, I confine myself to the problematic nature of the morality of management in business organisations operating under Anglo-American capitalism. I seek to provide a resolution to this issue by putting in place an overarching conceptual framework, drawing on the work of the moral philosopher Alasdair MacIntyre, within which the morality of management can be situated and given substantive content. I term this a modern virtue ethics approach (see also Moore 2002, 2005a, b).

The chapter is in four main parts. It begins with the work of Alasdair MacIntyre and, in particular, his contention that the morality of modernity is one of emotivism and that this is revealed nowhere better than in the character of the manager found in bureaucratic organisations. His apparently devastating critique, however, is in need of tempering and updating, and so the second part of the chapter introduces MacIntyre’s critics, reviews the contemporary debate on bureaucracy and summarises contemporary approaches to management and management ethics. The conclusion from this is that a more nuanced account of MacIntyre’s critique does have continuing application and relevance; the morality of management in business organisations under Anglo-American capitalism continues to be problematic. The third part of the chapter, then, looks at MacIntyre’s own conceptual virtues-goods-practice-institution schema and demonstrates how it has the potential to provide an answer to the problem. I then discuss the implications of this schema for management in general, and the morality of management in particular, in the fourth part, before drawing conclusions.

## MacIntyre: Emotivism and the Critique of Management

MacIntyre’s critique of management is set within the context of his broader critique of modernity. Here he contended that we live in what he referred to as a specifically emotivist culture. Emotivism ‘is the doctrine that all evaluative judgments and more specifically all moral judgments are *nothing but* expressions of preference, expressions

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<sup>1</sup>I am grateful to an anonymous reviewer for pointing out that, unlike Adolf Eichmann (see Arendt 1963), Speer was not hanged when the allies had him in their power; he was probably the highest ranking Nazi who was not hanged or condemned to death in absentia. The difference between Eichmann and Speer was that, while Eichmann came to be at the very heart of the Nazi machinery of death, Speer confined himself to the management of organisations that were not principally focused on ‘crimes against humanity’. Ten Bos and Willmott (2001, 782) have argued that many of those who participated in Nazi genocide were not themselves ‘inhuman’ monsters but rule-abiding employees who had developed a ‘calculating instinct’ for their private interests. They argue further that ‘bureaucracy is a type of organization that allows, and indeed encourages, its members to develop this “calculating instinct”’ (p. 782).

of attitude or feeling, insofar as they are moral or evaluative in character' (MacIntyre 2007, 11–12, original emphasis). As such, we attempt to align the attitudes, feelings, preferences and choices of others with our own – 'others are always means, never ends' (p. 24) – and hence emotivism 'entails the obliteration of any genuine distinction between manipulative and non-manipulative social relations' (p. 23). In other words, since there is no content to moral judgments other than the preference of the subject, social relations inevitably become manipulative, the subject treating the object merely as a means to his or her own ends.

This is, of course, both a powerful but also a contentious critique of modernity. However, it is reinforced by postmodern perspectives. Bauman, for example, argued that there are 'many agencies, and many ethical standards, whose presence casts the individual in a condition of moral uncertainty from which there is no completely satisfactory, foolproof exit ... the modern individual [is] bombarded by conflicting moral demands, options and cravings, with responsibility for actions landing back on her shoulders' (1993, 31). Thus, in an organisational context, even ethically aware managers and organisations will find themselves inhabiting 'moral mazes' (Jackall 1988), 'where individuals are confronted with a plethora of maps through the maze, each vying for attention, none of which is able to provide monologically reliable guides to the territories that they purport to represent' (Clegg and Rhodes 2006, 5). It is, however, MacIntyre's particular contribution to identify the manipulative form that such a context, with no moral metanarrative, leads to.

MacIntyre continued from this point by arguing that moral philosophies often find their embodiment in particular *characters* (the emphasis is his):

they are, so to speak, the moral representatives of their culture and they are so because of the way in which moral and metaphysical ideas and theories assume through them an embodied existence in the social world. *Characters* are the masks worn by moral philosophies. (2007, 28)<sup>2</sup>

While the *character* 'morally legitimates a mode of social existence' (p. 29) it is also the case that *characters* will not secure universal assent. On the contrary 'it is partly because they provide focal points for disagreement that they are able to perform their defining task' (p. 31). And the particular *character* that MacIntyre draws attention to as the embodiment of emotivism and, indeed, as 'that dominant figure of the contemporary scene' (p. 74) is that of the manager.

The managers to which MacIntyre referred exist inside bureaucratic organisations, each of which (business organisations of any form and government agencies alike) is

characteristically engaged in a competitive struggle for scarce resources to put to the service of its predetermined ends. It is therefore a central responsibility of managers to direct and redirect their organisations' available resources, both human and non-human, as effectively as possible towards those ends. (p. 25)

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<sup>2</sup>I am grateful to an anonymous reviewer for pointing out that there are resonances with Goffman's (1969) work in MacIntyre's use of theatrical metaphors.

But this means that

the manager represents in his *character* [as the embodiment of emotivism] the obliteration of the distinction between manipulative and non-manipulative social relations ... The manager treats ends as given, as outside his scope; his concern is with technique, with effectiveness in transforming raw materials into final products, unskilled labor into skilled labor, investment into profits. (2007, 30)

It will be apparent that there are strong resonances between MacIntyre's description and the description of Speer with which I began this chapter.

While this critique of management and bureaucratic organisations occurs in *After Virtue*, it forms only a part of a consistent line of argument. In an earlier chapter, for example, MacIntyre made similar points when he stated that,

in his capacity of corporate executive, the manager not only has no need to take account of, but *must* not take account of certain types of considerations which he might feel obliged to recognize were he acting as parent, as consumer, or as citizen. (MacIntyre 1979, 126, original emphasis)

Later, MacIntyre cited the example of power company executives unable to consider a reduction in the overall levels of power consumption even though, as parents and concerned citizens in other spheres of activity, they might well regard this as desirable (MacIntyre 1999, 322). This is an example of 'compartmentalisation', which I will consider further below. Hence, managers in their role as manager neither do nor

are able to engage in moral debate. They are seen by themselves, and by those who see them with the same eyes as their own, as uncontested figures, who purport to restrict themselves to the realms in which rational agreement is possible – that is, of course from their point of view to the realm of fact, the realm of means, the realm of measurable effectiveness. (MacIntyre 2007, 30)

MacIntyre continued his critique of managers in *After Virtue* when he contended that managers are accepted as morally neutral characters who are skilled at being effective whatever the ends may be. But he countered that effectiveness is not a morally neutral value and is instead inevitably linked with the manipulation of other human beings into compliant patterns of behaviour. It is 'by appeal to such effectiveness in this respect that the manager claims his authority within the manipulative mode' (2007, 74). The lack of any kind of critical concern with the ends of their activity, and the morally questionable manipulation of human beings as a means of bringing about those unquestioned ends might seem, in itself, to be a sufficiently strong and damning critique to condemn management as not just amoral but as essentially immoral. However, MacIntyre has yet one more nail to drive into the coffin of the manager as *character*. For

the claim that the manager makes to effectiveness [and hence to any kind of legitimate authority] rests of course on the further claim to possess a stock of knowledge by means of which organizations and social structures can be moulded ... There are thus two parts to the manager's claims to justified authority. One concerns the existence of a domain of morally neutral fact about which the manager is to be expert. (p. 77)

The other concerns knowledge of



a set of law-like generalizations which would enable the manager to predict that, if an event or state of affairs of a certain type were to occur or be brought about, some other event or state of affairs of some specific kind would result. (p. 77).

For this to be true, the manager would have to operate under conditions similar to those that apply in the natural sciences where facts and cause–effect generalisations are, of course, entirely conventional.<sup>3</sup> But MacIntyre showed via an extended discussion of fact, explanation and expertise (pp. 79–87) that if there is to be a science of human behaviour it ‘must be formulated in a vocabulary which omits all reference to intentions, purposes and reasons for action’ (p. 83), so that facts that are not morally neutral are presented as if they were. In anticipation of an equally extended discussion of the character of generalisations in social science and their (lack of) predictive power (p. 88–106), MacIntyre concluded that ‘the salient fact about those sciences is the absence of the discovery of any law-like generalizations whatsoever’ (p. 88).

This sweeping critique of the lack of achievement in the social sciences, which MacIntyre explained in terms of four different sources of systematic unpredictability in human affairs (pp. 93–100),<sup>4</sup> is then followed by the application of the same critique to managers:

The expert’s claim to status and reward is fatally undermined when we recognise that he possesses no sound stock of law-like generalizations and when we realise how weak the predictive power available to him is. The concept of managerial effectiveness is after all one more contemporary moral fiction and perhaps the most important of them all. (pp. 106–7)

Thus, ‘the realm of managerial expertise is one in which what purport to be objectively-grounded claims function in fact as expressions of arbitrary, but disguised, will and preference’ (p. 107) or, in other words, ‘effectiveness is part of a masquerade of social control rather than a reality’ (p. 75), such that ‘it is histrionic success which gives power and authority in our culture. The most effective bureaucrat is the best actor’ (p. 107). And this conclusion takes us back to MacIntyre’s earlier conclusion

that another moral fiction – and perhaps the most culturally powerful of them all – is embodied in the claims to effectiveness and hence to authority made by that central character of the

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<sup>3</sup> Such law-like generalisations in the organisational context would have to be of the form, ‘In organisations, if x, then y’, and not, ‘In organisations, if x, then y, provided conditions a, b, c, etc. hold over the extended period in question’. It is challenging to find any examples of the former formulation for anything other than the most trivial of situations, and equally challenging to specify all of the conditions a, b, c, etc. that would need to hold for y to follow from x in situations that are non-trivial. By contrast, in the natural sciences such statements are manifestly straightforward – as in, ‘If I drop this apple, then it will fall’.

<sup>4</sup> The four sources of systematic unpredictability are: the nature of radical conceptual innovation (which is, of course, inherently unpredictable); the unpredictability of certain of his own actions by each agent individually; the unpredictability that arises from the game-theoretic character of social life; and finally the pure contingency of chance.

modern social drama, the bureaucratic manager. To a disturbing extent our morality will be disclosed as a theatre of illusions. (pp. 76–7)

In MacIntyre's earlier article based on empirical work with power company executives (MacIntyre 1979 and see also MacIntyre 1977), although the criticism of modernity is as strong, there does appear however to be some sympathy for managers who are, in a sense, locked inside such bureaucratic organisations and hence into such predefined roles. MacIntyre made the point that 'every society of course has invited individuals to inhabit roles with different requirements. But difference has not entailed the kind of separation, the kind of partitioning which is peculiar to corporate modernity' (1979, 132).<sup>5</sup>

'The outcome', according to MacIntyre, 'is the creation of more than one self. The agent has to fabricate distinct characters' and 'in the modern corporate organization character has become more like a mask or a suit of clothing; an agent may have to possess more than one'. Thus he argued that 'when the executive shifts from the sphere of the family to that of the corporation he or she necessarily shifts moral perspective' (p. 127). Drawing again on the theatrical metaphor, MacIntyre added that he wanted

to insist on the importance of seeing contemporary life as a theatre with a set of adjoining stages upon which a number of very different moral philosophical dramas are being acted out, the actors being required to switch from stage to stage, from character to character, often with astonishing rapidity. (pp. 127–8)

The manager, we may infer, suffers more than most.

This, therefore, gives a sense of MacIntyre's concern for the effect of corporate modernity on the people who actually inhabit the role of manager. To use Deetz's phrase, MacIntyre saw them as 'a kind of "homeless" manager who is cut loose from any community' (1995, 222) or, perhaps better, as 'divided selves' (Beadle 2002, 48). Such division precludes one of the essential features of the moral agent, that of the fixed and largely unchanging nature of character (MacIntyre 1979, 125), in which

I have to understand myself as and to present myself to others as someone with an identity other than the identities of role and office that I assume in each of the roles that I occupy. I have to understand myself as someone who brings with her or himself to each role qualities of mind and character that belong to her or him *qua* individual and not *qua* role-player. (MacIntyre 1999, 315)

To avoid this potential for what we might term moral stress, the virtues of integrity and constancy are required. Integrity requires us to be the same person in each and every context, while constancy requires us to 'pursue the same goods through extended periods of time' (pp. 317–18).

The problem is therefore one of 'compartmentalisation', noted above. MacIntyre speaks of two moral systems, that of the 'established social order with its assignment of roles and responsibilities' (within which we may include that of manager in

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<sup>5</sup>I am grateful to an anonymous reviewer for pointing out that Merton's (1940) concept of 'trained incapacity' in bureaucratic structures might be applicable here, with managers trained to focus on effectiveness and efficiency and so professionally incapable of dealing with questions of morality.

bureaucratic organisations), and by contrast ‘that developed within those milieus in which that assignment has been put to question’, such milieus including ‘the everyday life of certain kinds of family and household, of certain kinds of workplace, of certain kinds of school and church, and of a variety of kinds of local community’ (p. 318). This leads to compartmentalisation in which

each distinct sphere of social activity comes to have its own role structure governed by its own specific norms in relative independence of other such spheres. Within each sphere those norms dictate which kind of considerations are to be treated as relevant to decision-making and which are to be excluded. (p. 322)

The manager is, on this view, caught by inhabiting at least two moral systems in one of which – in his or her role as manager within a bureaucratic organisation – he or she cannot engage in debate about ends and, because there are no morally neutral facts and no law-like generalizations on which to draw, must use manipulative forms of social relations in order to achieve the given ends by the most effective and efficient means available.

We can summarise MacIntyre’s characterisation of managers, then, in Beadle’s helpful words, as follows:

First, that the *character* of the manager eschews any substantive notion of the good. Second, that the manager’s role is to deploy supposedly impersonal facts in pursuit of the most effective and efficient means to achieve *any* prescribed ends but that the sort of morally neutral knowledge required to achieve such manipulation does not exist. Third, that management is one of the most powerful myths of the modern order and finally that managers themselves inhabit a deep personal compartmentalisation without which their social role could not be understood. (Beadle 2002, 45–6)

We are faced, then, with two issues. The first is to assess whether and to what extent MacIntyre is correct in his analysis and critique of corporate modernity and the position of the manager within it. For it is probably apparent that MacIntyre makes certain claims that go considerably deeper than those generally recognised in the management ethics literature, claims that require not so much the resolving of the morality of management, but, to use Parker’s phrase (2002, 210) that we will come to below, its re-imagining. And this links to the second issue which, if MacIntyre is in any way correct, is to begin to construct an answer that, given the highly damning nature of his critique, does something other than simply amount to throwing up one’s hands in horror, frustration or despair. It is to the first of these issues that we turn.

## **The Morality of Management: Tempering and Updating MacIntyre’s Critique**

It may be helpful to analyse MacIntyre’s critique of management in three stages. First, there is an existing body of work that critiques MacIntyre directly. Second, it is also worth commenting on recent work on bureaucracy since, as we have seen, the bureaucratic organisation provides the immediate context for MacIntyre’s critique of the manager. Third, we will, of course, need to review contemporary thinking on

management in business organisations. As noted above, we will restrict ourselves here to a consideration of management in business organisations operating under Anglo-American capitalism, partly because this is where the main literature in this area originates and partly because it is here that MacIntyre's critique is of particular relevance.

### *MacIntyre's Critics*

There are a number of writers who have responded directly to MacIntyre's critique. From these we can identify certain points of agreement and, not surprisingly, several points of contention. On the positive side, Mangham's summary is instructive and is worth citing at length:

There appears to be a measure of support for some of MacIntyre's assertions: managers are central to our society (perhaps more central than the distinguished philosopher thought); there is evidence that they treat others and are treated themselves as means rather than ends – that they manipulate and are manipulated; there is evidence that – at least at the time MacIntyre was writing – some of them claim to be following law-like generalizations which will enhance efficiency; there is evidence that they (or some who write, as it were, on their behalf) claim moral neutrality for much of their action; there is evidence that the Manager separates his/her self from his/her professional role; and there is some evidence that when managers *do* indulge in moral argument they may become confused and may experience stress. Some of this evidence is thin but, overall, MacIntyre does not appear to have been too far out in making his claims. (Mangham 1995, 195, original emphasis)

Mangham's statement finds varying degrees of support in the work of Anthony (1986), Deetz (1995), du Gay (1998, 2000)<sup>6</sup> and Roberts (1984). On the other side, however, there are various points of contention. The first is from Anthony (1986) who argued that MacIntyre (possibly through no fault of his own) has accepted a mistaken account of management. Instead, Anthony argued, managerial authority must have a moral foundation that 'is finally likely to rest upon a degree of public consensus as to the goods that management produces, upon, when the batteries of instrumental techniques are set aside, what management is understood to be for' (Anthony 1986, 183), or, in other words, 'the authority of management will derive from the community's approval for what management does, for its ends' (p. 190). Anthony, in effect, suggested that there is no such thing as compartmentalisation and hence that all is well. However, this assumes that there is public consensus on the goods that management produces and, particularly in relation to business organisations, it is far from clear that this is the case, as I shall discuss further below.

The second point of contention is to do with management and the means-end debate. Randels (1995, 205), in his response to Mangham, offered a less sympathetic critique of MacIntyre's views and suggested that his overall assessment of our current moral condition is too pessimistic. His main point is that the manager

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<sup>6</sup> Du Gay, while partially supportive, is on balance highly critical of MacIntyre's position, but his critique is not central to our concerns here.

MacIntyre characterises must represent at most managers in the middle or lower levels of the corporate bureaucracy; ‘Executives, even if only at the upper level, can discuss what constitutes good business, having fewer ends given’ (pp. 205–6). He cited various examples of senior executives influencing the ends of their corporations, and suggested that the scope of MacIntyre’s claim is even more limited because not all middle and lower level managers ‘are mere policy implementers’ (p. 206) and that the language of stakeholding (while in its infancy before the initial publication of *After Virtue* in 1981), and of the social responsibility of business in general, indicates that the ends of business are by no means simply given.

In effect, Randels’ challenge is to MacIntyre’s notion of ‘predetermined ends’ by questioning who does the predetermining. And even if such predetermining occurs outside of the bureaucratic organisation (by government, shareholders, the financial markets or whoever), Randels questioned whether it is not subject to *any* kind of debate as to the legitimacy and morality of those ends by those who represent the organisation itself. Do they simply accept the ends without question? Deetz (1995) similarly suggested that studies of organisations indicate a more complex story where managers are clearly ‘not value-neutral or simply economically rational’, and he found, in contrast to the Speer quotation above, ‘little evidence to suggest value neutrality is popular or that the “character of efficient technician” is a compelling social image’ (p. 219).

Nash similarly supported this position. She argued against what she termed the ‘reductionist nature’ of MacIntyre’s characterisation: ‘Few real managers are capable of the single-minded opportunism that characterizes the philosopher’s manager ... In reality, there are many managerial “types”, and they display a variety of intellectual biases and moral scruples’ (Nash 1995, 228). She also argued that few managers assume that their role is morally neutral – ‘we see any number of chief executives and first-line supervisors for whom the idea of work is the basis for entertaining a commitment to a wide variety of duties towards others’ – what Nash (1990) has herself described as a covenant approach. She concluded:

in arguing for a fuller understanding of moral meaning-making by managers (good and bad), I am not totally denying there are strong forces for immorality or incoherency in the postmodern psyche and in the dynamics of organized business; but I am reluctant to see no potential for moral capacity in the Manager at all, i.e. accepting the demonic view of Manager. (Nash 1995, 231)

The point that was made by Randels, Deetz and Nash is, of course, to do with managerial agency. Managers, as human beings, are moral agents and as such it is impossible for them to compartmentalise their lives to such an extent that within bureaucratic organisations their own agency disappears entirely. Hine summarised this well: ‘MacIntyre’s unsympathetic characterisation implies a determinism of managerial purpose and agency in the service of power’ (Hine 2007, 360). That said, we will need to return below to the question of degree – to what extent are managers sovereign in relation to their own agency, or to what extent is such sovereignty constrained by the bureaucratic context? However, we should acknowledge that what we do find in the writings of Randels, Deetz and Nash is a more nuanced account of the origin of ends than MacIntyre has himself provided.

The third point of contention is more sociological than organisational in nature and leads in to the discussion of bureaucratic organisations that follows. It derives

from Nash's concern not to 'lay the blame for our social ills solely at the feet of the character of the manager' (1995, 230). According to Deetz, the problem lies not with the character of the manager but with the role that commercial corporations have inherited in society. In effect, he locates the problem not at the level of the role of manager but at the level of a society that has allowed such organisations so dominant a position that even

home and community to which MacIntyre would have managers reconnect are themselves thoroughly colonized and instrumentalized. They depend upon corporate money, corporate goods and corporate stability. The meaning of life has often been reduced to the accumulation of goods – the only apparent certain thing in an uncertain world. (Deetz 1995, 221)

This, as we have seen in relation to MacIntyre's sympathy for managers who are locked inside such bureaucratic organisations and hence into such predefined roles, is precisely MacIntyre's own view. In *After Virtue*, in relation to the valuing of external goods such as profit in economic institutions, MacIntyre bemoaned the effect on virtue: 'We should therefore expect that, if in a particular society the pursuit of external goods were to become dominant, the concept of the virtues might suffer first attrition and then perhaps something near total effacement, although simulacra might abound' (2007, 196). He was similarly critical when he wrote of modern capitalist society that

what constitutes success in life becomes a matter of the successful acquisition of consumer goods, and thereby that acquisitiveness which is so often a character trait necessary for success in capital accumulation is further sanctioned. Unsurprisingly *pleonexia*, the drive to have more and more, becomes treated as a central virtue. (1995, xiii)

In other words, as we have already seen, MacIntyre's portrayal of the character of the manager is bound up with his criticism of modernity in general, and of contemporary consumer society and Anglo-American capitalist business organisations in particular. And the solution must therefore have something to do with the environment within which such organisations operate.

We have various points, therefore, made in response to MacIntyre's underlying critique of modernity and management, which we will need to carry forward. However, one frustrating aspect of the work of MacIntyre's critics is that they offer little beyond critique. In particular, with the exception to a limited extent of Anthony and du Gay, none of the critics have addressed themselves to the solution that MacIntyre has himself identified, and to which we will turn in the third part of this chapter.

### ***Bureaucratic Organisations***

We need now, however, to give further consideration to the organisational focus of MacIntyre's critique: to bureaucracy. We have seen that MacIntyre's critique is universally negative with respect to such organisational types and this for two reasons. One is their effect on managerial agency; the second, at least in relation to capitalist business organisations, is the ends that they pursue – ends of acquisitiveness,

of capital accumulation or, more generally as we shall see below, the prioritisation of external goods. Three aspects of bureaucracy concern us here.

First, it might be argued that bureaucracy is irrelevant in relation to modern business organisations. As business has increasingly moved to what are referred to as market, network or post-bureaucratic forms of organisation (Courpasson and Reed 2004; du Gay 2004; Hodgson 2004; Salaman 2004), bureaucracy, it might seem, has been both vilified and abandoned. But this would be to oversimplify the position. In that a distinction should be made between 'bureaucracy' as a noun describing (generally) public sector organisations designed for a particular purpose, and 'bureaucratic' as an adjective describing a style of organising that any organisation might adopt (Hoggett 2004, 168), it is the latter with which we are concerned. And it has been persuasively argued from DiMaggio and Powell (1983, 147) on, and empirically demonstrated (see, for example, Hodgson 2004; Karreman and Alvesson 2004), that all modern organisations, whether private sector business or otherwise, continue to contain elements of bureaucracy and maintain bureaucratic controls. Indeed, there is even evidence of re-bureaucratisation in organisations that have attempted to abandon it (Hodgson 2004). Hence, it is a question of more or less bureaucratisation (Kallinikos 2004, 16) rather than whether it exists at all.

Second, it is in the nature of organisations that maintain some element of bureaucratic form, with hierarchy and rule-bound behaviour as the key dimensions (Kallinikos 2004, 16), that they necessarily subordinate the pursuit of individual goals to organisational ones (Hoggett 2004; Karreman and Alvesson 2004; Salaman 2004; ten Bos and Willmott 2001). This is, of course, precisely the opposite of the managerial agency that Randels, Deetz and Nash were arguing above. As Kallinikos (2004, 23) put it, 'the organizational involvement of individuals qua roles implies the dissociation of the process of organizing from the emotional and cognitive complexity of agents qua persons', such that 'in one form or another depersonalized conduct has been made an indispensable principle of all formal organizing in modernity' (p. 17).

Third, however, despite this subordination and depersonalisation, bureaucracy claims values of its own (du Gay 2004). So while bureaucracy can lead to depersonalisation and the stripping of users (of public services) of their humanity (Hoggett 2004, 180), it also promotes a certain selflessness to the ideals of public service. Thus, among the ethical attributes of the 'good bureaucrat' du Gay included the 'abnegation of personal moral enthusiasms' (2000: 29)! But he also included strict adherence to procedure, acceptance of hierarchical sub- and super-ordination and commitment to the purposes of the office as positive ethical values (p. 29). The assumption here is that these are ethical attributes for one of two reasons: either because the ends of the organisation are themselves ethical so that subordination to those ends is a good in itself; or because the ends are irreducibly plural and incommensurable and it is then not up to the bureaucrat to determine between them but to cultivate a 'trained indifference' to the discourse of 'ultimate ends' (p. 31). Certainly, from the perspective of business rather than public sector organisations, such an approach would appear to be an abdication of moral responsibility.

Du Gay's claims for the morality of bureaucracy have some force, particularly where the ends of the organisation are clearly seen to be good. But the broad conclusions that we can draw from this discussion are that MacIntyre's critique of the lack of managerial agency in bureaucratic organisations continues to be relevant, and that business organisations continue to exhibit such bureaucratic tendencies.

### ***Contemporary Thinking on Management in Business Organisations***

The debate that MacIntyre initiated and the literature on bureaucracy have developed largely in isolation from the mainstream management and management ethics literature. Within this mainstream literature, however, several of the themes that we have already identified above have also been discussed. So, for example, we find management's role in the means–end debate within Thomas' work (2003) as well as within the stakeholder literature (Donaldson and Preston 1995; Phillips 2003; Phillips et al. 2003) although, like the literature on bureaucracy, stakeholder theory appears to abdicate responsibility for the choice of ultimate ends, leaving them to be worked out among the normative stakeholders (Phillips et al. 2003).

Another theme in the mainstream literature is concerned with the issue of managerial expertise and a set of law-like generalisations, with Thomas (2003) suggesting that there still remain two views: those who argue that management is an objectively rational activity and those who view it as more subjective. Watson (2002) and Parker (2002) have both expressed concern at the apparently increasing if not quite universal view that managerialism as 'a generalized technology of control to everything – horses, humans and hospitals' (Parker 2002, 11) is taking over the world, and that this technology of control allows managers to drive organisations in the same way as engineers drive machines (Watson 2002, 53). Parker did not work through the practical implications of his alternative – that management could be replaced with coordination and that coordinators should not necessarily be conceived of as a separate group or receive higher status and rewards (Parker 2002, 206). Instead, he bemoaned the fact that, 'at the present time, management cannot be reimagined', but in its managerialist form only refused (p. 210). While there seems to be no closure on the debate between objectivity and subjectivity, it is at least possible to say that the existence of a fairly common curriculum within business and management schools does indicate a body of knowledge that managers can draw on, even though this body of knowledge contains contested elements, and that this body of knowledge is being increasingly applied in all kinds of organisations, both in the public and private sectors. Hence, MacIntyre's claim concerning the lack of managerial expertise is, at the very least, contested, although there does seem to be more general agreement that a set of law-like generalisations that managers can simply apply in any and every situation does not exist.

Just as pertinently for our purposes, managerial agency, and an associated classification into moral, amoral and immoral management, have also been a recurring



theme in the mainstream literature (Bird and Waters 1989; Carroll 1987, 2000; Hine 2007; Ogbonna and Wilkinson 2003; ten Bos and Willmott 2001; Watson 2002). One consistent concern has been that, while managerial acts cannot be morally neutral 'because every such act occurs in the context of relationships in which there is, at the very least, a potential for exploitation' (Watson 2002, 448), in practice managers either do not or cannot express such moral sentiments. Bird and Waters (1989) may have been the first to identify the 'moral muteness of managers' in practice, and the moral stress they potentially experience as a result, but others have confirmed these same issues (Hine 2007; Ogbonna and Wilkinson 2003; ten Bos and Willmott 2001). The struggle for managers to maintain their agency, therefore, continues (ten Bos and Willmott 2001, 788).

The interesting point about the most recent literature in this area, however, is that, if anything, managerial agency is seen to be weakening in the light of increased organisational control. In effect, the struggle is between managerial agency on the one hand and agency theory on the other, in which managerial agency is deliberately curtailed in the interests of the organisation. Studies in financial capitalism and corporate governance (Froud et al. 2002; O'Sullivan 2003; Williams 2000) point to the increasingly important role of the financial markets, which no longer act as simple intermediaries between household savers and investing firms but 'act dynamically to shape the behaviour of both firms and households' (Froud et al. 2002, 120). There is, however, a key difference between UK and US, on the one hand, and French and German versions of capitalism, on the other, in this respect (O'Sullivan 2003; Thompson 2003; Williams 2000). While there is some evidence of convergence of these two versions of capitalism, the former generally operates a 'downsize and distribute' strategy compared with the latter's 'retain and invest' strategy (Williams 2000, 4) and there is a consequent pressure on management under Anglo-American capitalism to deliver results, a pressure that is reinforced by an active market for corporate control. Hine, for example, cited a manager who simply stated that 'decisions need to be made in the best interests of the business, not your own preferences, or those of some vested interest within the organisation' and commented that this implies 'an instrumental rationality in pursuit of commercial objectives' (2007, 363).

Thompson (2003) argued that this is preventing the bargain between employees and employers (in which employees took 'a share in the responsibility for the business success and competitiveness of the firm in return for companies taking responsibility for informing, involving and above all insulating (core) employees from the vagaries of the market' (p. 364)) from being kept. This leads to what Thompson referred to as 'disconnected capitalism'. As corporate governance systems are strengthened to reinforce shareholder value (O'Sullivan 2003), so it seems that the agency of managers reduces. And as this agency reduces, the public consensus on the goods that management produces (Anthony's claim above for the morality of management) also seems to become more fragile, particularly as far as employees are concerned. Sennett's work (1998 and see also Moore 2005a) similarly reinforces this point.

Where does this summary of MacIntyre's critics, of bureaucracy and of the current situation with regards to the role and morality of management leave us in respect of MacIntyre's critique? While it is clear that many of the issues that MacIntyre identified need some degree of tempering, it also seems clear that the basic tenets of his position, at least in respect of managers in business organisations under Anglo-American capitalism, remain in place. While managerial agency, at least in respect of which organisation to join in the first place and, to a lesser extent, whether subsequently to exit, may be intact, managerial agency within the business organisation is highly constrained, if not completely contained as MacIntyre argued. Such business organisations maintain sufficient characteristics of the bureaucratic form for MacIntyre's critique (but also his slight sympathy for managers working within them) also to remain intact. And the increasing financialisation of the economies within which these business organisations operate indicates an ultimate end purpose for these organisations which is based purely on financial return and shareholder value, so embedding *pleonexia* ('the drive to have more and more') as a central virtue (MacIntyre 1995, xiii cited above and see also Moore 2005a). The ends, therefore, are to a large extent predetermined and the public consensus on the goods that management produces, particularly so far as employees are concerned, does not seem to exist.

In the light of this, I turn now to a possible solution and one that, as noted above, is perhaps paradoxically based on MacIntyre's own work.

## MacIntyre's Virtues-Goods-Practice-Institution Schema

### *Goods, Practices and Institutions*

Elsewhere we have addressed the significance of MacIntyre's work in general and its application to contemporary organisations (Beadle and Moore 2006). From this it is clear that MacIntyre's arguments for and developments of virtue ethics, and their application specifically to the area of business, are already well documented and have received critical review (see Beadle 2002; Moore 2002, 2005a, b; Moore and Beadle 2006, for example). What follows is, therefore, a succinct summary of the key aspects of MacIntyre's schema as it relates to the issue addressed in this chapter.

I begin by returning to MacIntyre's oft-quoted definition of a practice. A practice is

[a]ny coherent and complex form of socially established cooperative human activity through which goods internal to that form of activity are realized in the course of trying to achieve those standards of excellence which are appropriate to, and partially definitive of, that form of activity, with the result that human powers to achieve excellence, and human conceptions of the ends and goods involved, are systematically extended. (MacIntyre 2007, 187)

It is axiomatic in MacIntyre's schema, and a point to which I will need to return, that only those who participate in the practice can understand and therefore gain the

internal goods that the practice affords. This is one reason why MacIntyre terms them internal goods: ‘because they can only be identified and recognized by the experience of participating in the practice in question. Those who lack the relevant experience are incompetent thereby as judges of internal goods’ (p. 188–9). This is not to say that those who are the beneficiaries of the outputs of the practice – in our case the consumers who purchase them – may not be excellent judges of such output, nor that they do, in some sense at least, determine the standards of excellence in the practice (see Keat 2000, 128–9). But unless they have themselves been practitioners they will be unable to appreciate or gain the internal goods of the practice.<sup>7</sup>

Internal goods derived from practices, both the excellence of the products or services that result and the perfection of the individual in the process (MacIntyre 2007, 189–90 and see also MacIntyre 1994, 284 and further below), can be contrasted with external goods such as survival, reputation, power, profit or, more generally, success, and we have already noted MacIntyre’s prediction of the effects on the virtues if, in a particular society, the pursuit of such goods were to become dominant. In order for internal goods to be realised it is clear that practices need to flourish, but to do so they require institutions to provide for their sustenance:

Institutions are characteristically and necessarily concerned with ... external goods. They are involved in acquiring money and other material goods; they are structured in terms of power and status, and they distribute money, power and status as rewards. Nor could they do otherwise if they are to sustain not only themselves, but also the practices of which they are the bearers. For no practices can survive for any length of time unsustained by institutions. Indeed so intimate is the relationship of practices to institutions – and consequently of the goods external to the goods internal to the practices in question – that institutions and practices characteristically form a single causal order in which the ideals and the creativity of the practice are always vulnerable to the acquisitiveness of the institution, in which the cooperative care for common goods of the practice is always vulnerable to the competitiveness of the institution. In this context the essential feature of the virtues is clear. Without them, without justice, courage and truthfulness, practices could not resist the corrupting power of institutions. (MacIntyre 2007, 194)

MacIntyre’s description of institutions and their relationship with practices can be applied in almost any context. MacIntyre himself indicates that, ‘the range of practices is wide: arts, sciences, games, politics in the Aristotelian sense, the making and sustaining of family life, all fall under the concept’ (p. 188). The argument here is that this can be extended to include organisational life in general and business organisations in particular. But the essential association and tension between practices and institutions, and between internal and external goods, clearly gives the texture of organisational life a central dilemma, a dilemma that I explore further below.

We can legitimately extend MacIntyre’s notion of what he refers to as ‘productive crafts’ (1994, 284) to business organisations in general by noting that at the core

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<sup>7</sup> An example would be my watching (‘consumption’) of a cricket match where I can appreciate a superb cover drive because I played cricket in my youth and (once) hit such a shot. My wife is unable to appreciate cricket in that sense. Our positions are reversed when we watch a live performance of classical music.

of any such organisation (and organisations in general) there is a practice. The particular practice may be fishing, or producing beef or milk, or building houses, or it may be providing financial services or mining or retailing. The entirely common feature, however, is that all such activities fall within MacIntyre's definition of a practice as 'any coherent and complex form of socially established cooperative human activity'.<sup>8</sup>

Furthermore, it follows that individuals would do well to view themselves as craftspersons and their work in business organisations as set in the context of a practice. This would be only one of a number of practices in which they engage, but is no less important than any other practice – indeed, quite possibly more important given the amount of time and energy, physical and emotional, expended there. If they endeavour to maintain an integrity of character by exercising the virtues, here as elsewhere, gaining such internal goods as are available, then not only would the individuals benefit – be 'perfected through and in her or his activity' (MacIntyre 1994, 284) – but they would, in the very act of doing all of this, play a necessary part in humanising business from within.<sup>9</sup> But what is it that enables the individual in a business organisation, the craftsperson, to seek and realise such perfection, or indeed to have that aim frustrated? To answer this question requires further commentary on MacIntyre's notion of virtue and its relationship to goods, practices and institutions.

### *Virtues and Institutional Governance*

MacIntyre linked virtues, goods and practices specifically: 'A virtue is 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 goods' (MacIntyre 2007, 191).

Virtues, therefore, as enduring character traits, are not practice-specific, but are exercised in each of the practices in which an individual engages and are necessary to the flourishing of each such practice. The virtues enable the individual to achieve

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<sup>8</sup> I acknowledge that in my earlier work, particularly Moore (2002), I confused the issue by stating that business was a practice. It is now clear to me that business generically cannot be a practice, but that business organisations can be usefully re-described as practice-institution combinations. Within this re-description we always need to specify the practice itself – as here with fishing, etc. I am grateful to Ron Beadle for his assistance in helping to clarify this point. It is also quite possible within this schema, however, that a particular mode of institutionalisation is such as effectively to prevent practice-like features within it. However, I have argued elsewhere (Moore 2005b, 679) that all business activities, irrespective of their form of institutionalisation, must contain the vestiges of a practice and the virtues to some degree, for if they did not – that is, if the institution had 'won' so completely that the virtues had suffered 'something near total effacement' (MacIntyre 2007, 196) – then the institution would have, in effect, 'killed' itself from the inside by failing to sustain the practice on which it itself is founded.

<sup>9</sup> For a further exploration of what it means to be a craftsperson operating in a practice see Moore (2005a).

the goods internal to practices, and the achievement of those goods across a variety of practices and over time is instrumental in the individual's search for and movement (their narrative quest) towards their own *telos*.

But we now need to consider a further aspect of MacIntyre's schema and one that is particularly important to the argument here concerning the morality of management. MacIntyre argued that:

the making and sustaining of forms of human community – *and therefore of institutions* – itself has all the characteristics of a practice, and moreover of a practice which stands in a peculiarly close relationship to the exercise of the virtues ... For the ability of a practice to retain its integrity will depend on the way in which virtues can be and are exercised in sustaining the institutional forms which are the social bearers of the practice. (MacIntyre 2007: 194–5, emphasis added)

In other words, there is a second practice involved in any practice-institution combination – the practice of making and sustaining the institution. And it is clear that management will be particularly concerned with this second practice, although a fuller consideration of this point is reserved to a later discussion.<sup>10</sup> It might be helpful to represent MacIntyre's full conceptual schema as shown in Fig. 2.1 below, which represents an organisation as a core practice situated within an institutional framework in which the smaller circle labelled 'P' is the practice of making and sustaining the institution.<sup>11</sup>

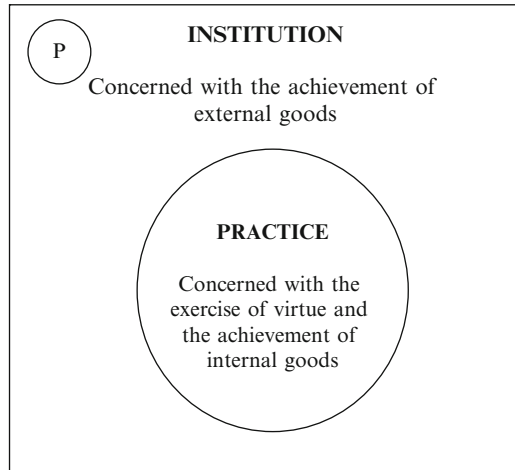
With this piece of MacIntyre's schema in place, however, we can now return to the central dilemma of his schema: the tension between the practice and the institution, despite them forming 'a single causal order'. MacIntyre noted that 'practices are often distorted by their modes of institutionalisation, when irrelevant considerations relating to money, power and status are allowed to invade the practice' (1994, 289). The point, therefore, is that aside from individuals' own virtuous character (or otherwise), the mode of institutionalisation and the extent to which it mistakenly prioritises external goods is fundamental to enabling craftspersons to seek and realise perfection in their practice, or indeed to have that aim frustrated. Thus an important part of the whole virtues-goods-practice-institution schema is to focus on the institution in order to assess what features of the institution will better enable it not to distort the practice that it houses.

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<sup>10</sup> It should be noted that this second practice of making and sustaining institutions will also require its own institutionalisation. There is not space here to consider the legal, governance, social custom and other elements of this informal institutionalisation, although the role of business and management schools in this might be a profitable area for further consideration.

<sup>11</sup> It is quite likely that many institutions will house more than one practice. Universities as institutions, for example, house parts of many practices in all the different subject areas that are represented. It is also possible for practices to extend beyond particular organisations so that the organisation houses only a part of the practice – the practices of physics and medicine, for example, are housed only partly inside universities. For simplicity, however, we assume here a single practice within any particular institution.

**Fig. 2.1** An organisation represented as a practice-institution combination together with the secondary practice of the making and sustaining of the institution



### *The Character of the Virtuous Institution*

Evidence from a variety of studies (Akaah and Riordan 1989; Baumhart 1961; Brenner and Molander 1977, for example) highlights the importance of peer and superior influence on the ethical behaviour of managers. Weaver summarised this well: ‘In actual, everyday organizations, key to the development of virtuous and vicious identities in organizations will be factors such as leaders’ behaviour, peer and group behaviour, and the embedded cultural norms of an organization’ (2006, 352), but he also pointed to a related danger that

this can also lead to role transference, in which actors who positionally represent the organization (e.g. top-level management) are assumed to possess moral identity and to exercise moral agency on behalf of all in the organization, so that lower-level members think and act as though moral agency is not their responsibility. (p. 352)

It has been argued (Klein 1988; Moore 2005b) that an appropriate way of conceptualising this is to think not just in terms of particular individuals and their exercise (or not) of the virtues at the institutional level, as MacIntyre does, but also in terms of *institutional* level virtues (and vices), and hence of institutional *character*. Just as MacIntyre talked of the concern for external goods and the acquisitiveness and competitiveness *of the institution*, it seems perfectly possible, by way of analogy or projection (Goodpaster and Matthews 1982, 135), or by way of metaphor (Morgan 1997, 4–8 and *passim*), to speak of the institution as having a virtuous or vicious character, or a character that is somewhere between these two extremes. Klein commented that ‘formal organizations can function like a moral person ... they potentially have something analogous to character, which can be evaluated as virtuous or vicious’ (Klein 1988, 56).

A virtuous institutional character, then, might be defined as the seat of the virtues necessary for an institution to engage in practices with excellence, focusing

on those internal goods thereby obtainable, while warding off threats from its own inordinate pursuit of external goods and from the corrupting power of other institutions in its environment with which it engages (see Moore 2005b, 661). This is not to say that some institutions in the organisation's environment may not exercise a positive effect on the institution, a point to which I will return below. But in essence this approach separates out organisational *culture* (and its association with values) as essentially institutionally oriented and therefore primarily a means to the end of external goods, from institutional *character* (and its association with virtues) which is practice-oriented and thereby a means to the end of internal goods (p. 668).

Taking business organisations as a particular form of practice-institution combination (a form that MacIntyre, as we have seen, termed 'productive crafts') and drawing from the definition of virtuous institutional character given above, the concept of the virtuous business organisation can be developed further. The first requirement of a business organisation with a virtuous character would be that there is a *good purpose*<sup>12</sup> for the particular practice-institution combination that it comprises. Second, the institution would be aware that it is founded on and has as its most important function *the sustenance of the particular business practice that it houses* and, following from this, the organisation would *encourage the pursuit of excellence in that practice* whatever that may mean for the particular practice in question. Third, it would focus on *external goods* (such as survival, profit and reputation) as both a necessary and worthwhile function of the organisation (they are *goods*, not *bads*), but *only to the extent necessary to the sustenance and development of the practice*. Fourth, the organisation would be such as to be able to *resist the corrupting power of organisations in its environment* with which it in turn relates, such as competitors, suppliers or those that represent the financial market, where these encourage a single-minded concentration on external goods.

A virtuous organisation would also embody a number of other features (Moore 2005b). These are the development of a *power-balanced structure* that will ensure that the views and desires of particular constituencies are not privileged over those of others, and decision-making *systems and processes* that enable rational critical dialogue having the effect of countering biases and enabling the questioning of the hitherto unquestioned. In particular, these will allow the organisation to see itself not as compartmentalised from other institutions in society but as one part of a larger whole. While to some extent outside of its control, the encouragement of a supportive *culture*, as defined above with its focus on external goods, will also be a feature of the character of a virtuous business organisation.

But under which kinds of circumstance would such business organisations be possible, or even flourish?

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<sup>12</sup> I have previously used the term 'just purpose' (Moore 2005b; Moore and Beadle 2006) but on further consideration the notion of 'good purpose' is both wider ranging and more appropriate.

## *Preconditions for Virtuous Business Organisations*

According to MacIntyre:

The integrity of a practice causally requires the exercise of the virtues by at least some of the individuals who embody it in their activities; and conversely the corruption of institutions is always in part at least an effect of the vices. (2007, 195)

The first precondition for a virtuous business organisation, then, is the presence of virtuous agents at the level of both the core practice and the institution, for without agents who possess and exercise the virtues the core practice itself would no longer be fostered internally through the pursuit of excellence, and at the institutional level the corruption of the institution and the consequent distortion of the practice would seem to be inevitable. This is particularly the case for those agents (managers) who hold decision-making authority in the institution. But the presence of such agents at both practice and institutional level is clearly insufficient to guarantee the presence of organisational virtue.

The second precondition for a virtuous business organisation is the mode of institutionalisation (MacIntyre 1994, 289), which distributes both decision-making authority and decision criteria within institutions. In other words, we would expect that different institutional forms will support to different extents the core practices that they house, and thereby enable the exercise of the virtues and the attainment of internal goods to a greater or lesser degree. Weaver made this point well and linked it back to the moral agency of individuals: ‘organizations themselves – and the way they normalise and reproduce virtue or vice – become the primary influence on the moral identity of their employees, and thus on the degree of virtue characterizing those employees’ (2006, 356).

The third precondition for a virtuous business organisation is a conducive environment. It is clear that MacIntyre regarded organisations as open systems that are both affected by other institutions in society and are capable (in both positive and negative ways) of compartmentalising themselves from them. It is apparent therefore that a particularly significant factor in any organisation’s ability to maintain and exercise the virtues and support the core practice it houses is the extent to which the environment is more or less conducive to such activity, and we would expect that an unconducive environment would be problematic for organisational virtue. And, as noted above, a conducive environment will be one with institutions that encourage virtue by not prioritising external goods, but allowing and even encouraging the virtuous business organisation to focus on the practice.

This suggests that, while a conducive environment is clearly beneficial to organisational virtue, it may be possible for organisations to resist their environment, or potentially to create around themselves a more conducive environment than most organisations experience. In a previous article (Moore and Beadle 2006) we gave the example of Traidcraft plc (the UK’s leading fair trade organisation) and its ability, in effect, to create around itself a micro-climate (consisting particularly of shareholders, fair trade customers and developing country suppliers, all of which



prioritise the internal goods of the practice over external goods), within which organisational virtue could indeed flourish. Weaver, again, summarised this well:

So it is necessary for policy makers to pay attention to how larger, macrocultural forces advance or inhibit the development of moral identity in organizations. But managers of organizations need to recognize their responsibility for influencing the larger macrocultural setting, so as to make it more hospitable to organizations that welcome moral identity and moral agency. In virtue-oriented theories, moral agents are responsible for choosing and changing the organizational situations in which moral identity either thrives or dies. (2006, 361)

## The Role of Management and the Morality of Management Within MacIntyre's Schema

It is, I hope, clear from all that has been said that management can be located within MacIntyre's schema. But it is important that we clarify exactly where it is located before drawing out the implications for both management practice and the morality of management. There have been previous attempts to classify management as a practice, on MacIntyre's definition, in its own right (Brewer 1997; McCann and Brownsberger 1990). However, one suspects that this would obtain a similar response from MacIntyre as he gave when asked whether teaching was a practice:

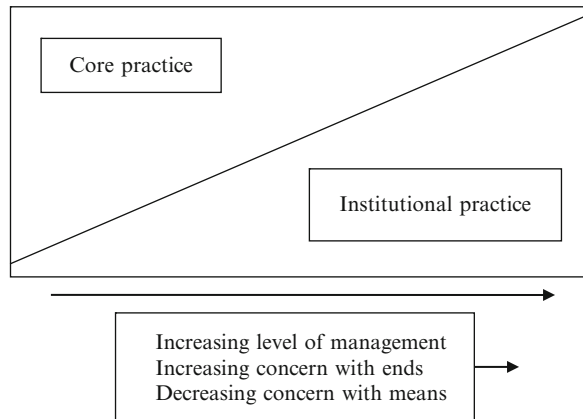
teaching itself is not a practice, but a set of skills and habits put to the service of a variety of practices. The teacher should think of her or himself as a mathematician, a reader of poetry, an historian or whatever, engaged in communicating craft and knowledge to apprentices (MacIntyre and Dunne 2002: 5) ... It is part of my claim that teaching is never more than a means, that it has no point and purpose except for the point and purpose of the activities to which it introduces students. All teaching is for the sake of something else and so teaching does not have its own goods. The life of a teacher is therefore not a specific kind of life. (2007, 9)

While this enraged educational philosophers at the time, and has led to continued and animated debate (see Dunne and Hogan 2004), the point here is that management is equally not a practice in and of itself, but that, just as teachers are teachers *of something* (mathematics, literature, history), so managers are managers *of something* – the practice at the core of the practice-institution combination – and are also engaged in the separate but related practice of making and sustaining the institution that houses this core practice.<sup>13</sup> This might disappoint managers, though it should also be pointed out that, as we established above, there is a generic body of knowledge that managers can draw on. This generic body of knowledge concerns, on this

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<sup>13</sup> In correspondence between Beadle and MacIntyre (Beadle 2002, 52 and also reported in Moore 2002, 24), MacIntyre confirmed that “‘Employment’ is not for me the name of either a type of practice or a type of institution or organisation, but rather one feature of the lives of certain types of institution or organisation”. Beadle continued, ‘If this is the case for employment then so is it the case for management’.

**Fig. 2.2** The relationship between levels of management and the core and institutional practices



understanding, the practice of making and sustaining institutions – the body of knowledge forms the core of the craft into which such practitioners (managers) need to be apprenticed. But it should also be clear that this knowledge needs to be applied specifically to the practice-institution combination in question and can never be abstracted entirely from its context. It may be helpful to depict this as shown in Fig. 2.2.

The point is that, on MacIntyre’s schema, all those who are engaged in any level of management<sup>14</sup> have two practices with which they must concern themselves. First-line supervisors, as the most junior level of management, are, of course, mostly involved in the core practice and have only a small involvement in the institutional practice. But they do have some involvement – by definition they are also engaged in the practice of making and sustaining the institution even if only to a limited extent. And correspondingly, senior management at the other end of the spectrum, while mainly involved in the institutional practice, should never forget that they also have an involvement in the practice at the core. An essential element of management at any level, then, is to understand and maintain an involvement with the core practice – to appreciate and indeed gain, at least to some extent, its internal goods. But in addition, within the practice of making and sustaining the institution, managers should equally be concerned with the exercise of the virtues, with the pursuit of excellence and, in the same way, should thereby receive the internal goods available.

With this in place, we are now in a position to return to a number of the issues that we identified earlier in our attempt to re-imagine management and hence locate and give substantive content to its morality. The first point we need to return to is that of the means–end debate. And it is clear from the above that there is a requirement

<sup>14</sup>There is not space here to include discussion on the differences between administration, management and leadership. The diagram might helpfully be used to illustrate the gradual and hard-to-distinguish movement from predominantly administration at the left hand side to predominantly leadership at the right. I am, however, using management as a generic term to cover all three.

on all managers, but particularly those at the senior level, to ensure that the particular organisation with which they are concerned *has a good purpose*. In other words, while MacIntyre's view was that ends are already given, we need to acknowledge the argument, supported with evidence from practice, that Randels, Deetz and Nash produced and agree that managers should never confine themselves to a consideration only of means to achieve predetermined ends, but must constantly consider and, if necessary, challenge the ends for which the organisation is established. This may be particularly difficult for those engaged in areas of business such as tobacco or the arms trade, where making the moral case is clearly problematic.

The second point is that managers should be *primarily concerned with the practice at the core of the practice-institution combination*, both to ensure its sustenance and to encourage it in its pursuit of excellence. That this will require managers at all levels to understand the practice at its core should be evident and this may be particularly challenging for those who transfer from one industry to another. A rapid apprenticeship in the core practice will then be required.<sup>15</sup> It will also be a challenge to those involved in holding companies which, in effect, buy and sell practice-institution combinations without necessarily paying much, if any, attention to the nature of the core practice. The pursuit of excellence in the core practice will, of course, enable those primarily engaged in it (all of whom are craftspeople) to attain the internal goods available, so helping them on their narrative quest towards their own *telos*, such that there is not only a good product or service but that the craftsman is 'perfected through and in her or his activity'.

In order to ensure the maintenance of and pursuit of excellence in the core practice, managers must, thirdly, *pay sufficient attention to external goods* but, as we identified earlier, only to the extent that this is necessary. In other words, the pursuit of external goods *for themselves* should not be the primary concern of managers. Getting the balance right – pursuing sufficient external goods but not prioritising them – is clearly a challenging assignment and one in which the virtues of *phronesis* (practical judgment) together with courage to resist those institutions, particularly those in the external environment that may seek to enforce a single-minded concentration on external goods, will be particularly necessary.

This, then, leads to a fourth point which is that one of the primary responsibilities for managers is *to establish and maintain the character of the organisation*. This was defined above as the seat of the virtues necessary for an institution to engage in practices with excellence and, in line with Weaver cited above, recognises that 'organizations themselves – and the way they normalise and reproduce virtue or vice – become the primary influence on the moral identity of their employees, and thus on the degree of virtue characterizing those employees' (Weaver 2006, 356).

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<sup>15</sup> In my early industrial career I had as my line manager a director of operations who had transferred from one part of the group involved in textiles to our part involved in paint manufacture. It emerged at some point that prior to his transfer he had spent a day at a paint company personally making a batch of paint. He, I think, understood something of the need to have a 'feel' for the core practice.

Organisational character is linked to the mode of institutionalisation. I noted earlier that different modes of institutionalisation and the extent to which they prioritise external goods would have a direct effect on the ability to sustain and encourage excellence in the core practice. Previously (Moore 2005a, 240) I identified examples of such senior managers that took their organisations into or out of public ownership and their concerns over the effect of the financial markets on the organisations' values. (More recent concern over the burgeoning 'private equity' industry, however, may suggest that there are advantages to public ownership, particularly to the transparency that capital markets require – see, for example, Thornton 2007.) We have previously (Moore and Beadle 2006, 381–4), by contrast and as noted above, highlighted the particular mode of institutionalisation that Traidcraft plc has adopted and shown how this supports organisational virtue. That managers, then, and particularly senior managers, have a responsibility *to determine the mode of institutionalisation of their organisations* is clear and is the fifth point in relation to the role of managers. This will also involve ensuring the other features that we noted earlier – a power-balanced structure, systems and processes that enable rational critical dialogue, and a supportive culture – are enabled.

I noted above that one of the other preconditions for virtuous organisations is the presence of virtuous agents at both the core practice and institution levels. And it is clearly management's responsibility to ensure that such agents are recruited in the first place and then nurtured. This might well pose something of a challenge to methods of recruitment and selection, which tend to focus on knowledge, skills and abilities together with an emphasis on personality rather than character – see, for example, Robertson and Smith (2001). Where character is assessed in the selection process it seems often to be reduced to organisational citizenship behaviour (though see also Hodson 1999 for the concept of management citizenship behaviour). Although such aspects are clearly important, particularly given the emphasis here on excellence in the practice, *character assessment and development in employees* is the sixth point in relation to the role of managers. Like many of the points developed here, there is an element of 'chicken and egg' associated with this, and it is likely to be easier for those organisations that are already virtuous to attract and develop virtuous employees. For an organisation that judges itself to be far from virtuous but wishes to move in that direction, recruitment and development of virtuous employees may well be both particularly necessary and particularly challenging.

The seventh and final point is that there is a related requirement, again particularly of senior managers, *to attempt to produce a conducive environment within which organisational virtue can flourish*. That the environment cannot just be considered as a given, a factor within which managers have to work but cannot influence, should be clear from the earlier discussion and this accepts the critique of MacIntyre made by Nash and Deetz that the context for management is important and not all of the blame can be laid at the manager's door. It may, however, be possible for managers to influence their environment and while this is partially to do with choice in the mode of institutionalisation, it is also a more general requirement on managers 'for

choosing and changing the organizational situations in which moral identity either thrives or dies' (Weaver 2006, 361).

## Conclusion

Where does this leave the morality of management? Are managers simply the morally neutral efficient achievers of predetermined ends? Clearly, on this account, the answer is no. For on this account there is considerable potential for the morality of management to become established. The manipulative mode in which managers were said to operate is no longer necessarily the case. In determining (or at least taking part in the determination of or in the questioning of) ends, managers regain an essential part of their agency. By focusing on the core practice, ensuring its sustenance and pursuit of excellence, managers move from manipulators to participants. Might this, in the process, relieve the moral stress that managers experience? Certainly it should, since morality is then a central concern of managers and moral muteness should no longer be a problem to anything like the same extent. In the process, Parker's concerns – that management should not necessarily be accorded special status or rewards and that management might be better conceived as a coordinating mechanism – might also be addressed.<sup>16</sup>

Managers, by re-imagining their role in this way, would be participating in two practices (amongst others that their de-compartmentalised lives would consist of). As managers become more senior, their concern comes to be increasingly with the practice of making and sustaining the institution, and the pursuit of excellence in this practice should be just as demanding and just as rewarding as the pursuit of excellence in the core practice. In other words, those who have, in one sense, outgrown the core practice and now represent the institution that houses it, also have the same opportunity to exercise the virtues in the making and sustaining of the institution, and thereby have the same opportunity to attain the relevant internal goods enabling them on their own narrative quest towards their own *telos*. The exercise of the virtues is appropriate at this level also.

It will also be clear from all of this that management is an art, not a science, and that, while there is a whole series of guidelines for effective practice in the making and sustaining of institutions – a generic body of knowledge applicable at the institutional level – it does not possess a set of law-like generalisations. Managers must learn their craft in exactly the same way as other trades and professions, and their craft will have both generic elements applicable to any institution and specific elements applicable to that particular institution and to that particular core practice.

I have argued that the morality of management is particularly problematic in business organisations operating under Anglo-American capitalism. And while the

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<sup>16</sup>In effect, the argument is that MacIntyre's schema, when elaborated and applied in the way it is here, has done Parker's work for him in re-imagining management.

conceptual framework that I have developed has been applied specifically to these types of organisation to resolve the issue of the morality of management by re-imagining management itself, I would propose that the conceptual framework is generically applicable to all types of organisation. I have not been able to comment on the possibility that there may be other such organisations (perhaps in the public or voluntary sectors, business organisations operating under other forms of capitalism (see Keat 2008), co-operatives and so on) that are already operating, in effect, within this conceptual framework and in which the amorality or immorality of management is not at issue. However, to the extent that such organisations display characteristics similar to business organisations under Anglo-American capitalism – predetermined ends, unwarranted limitations on managerial agency, an unbalanced focus on external goods – one would predict that the issue of the morality of management is similarly problematic and that the solution identified here is similarly applicable.

And Speer, where does this leave the Speers of this world – ‘the pure technician, the classless bright young man without background, with no other original aim than to make his way in the world and no other means than his technical and managerial ability’? In whichever type of organisation the Speers of this world may appear, perhaps, with this understanding, we may even be able to re-educate them to become truly moral managers.

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# Chapter 3

## Management as a Practice

Denis Anthony (Tony) O'Malley

### Introduction

Virtue ethics has a strong place in the current literature on leadership and management, as ethical leadership literature draws more on virtue ethics tradition than on the tradition of moral philosophies based on consequentialism and deontology (Knights and O'Leary 2006, 134). But can management be an activity which develops and extends virtue? This chapter seeks to answer this question by describing the circumstances in which management could qualify as a 'practice': which I define as a cooperative pursuit of human excellence in which moral character can be developed and extended. I use MacIntyre's *After Virtue* (1985) as the key source for virtue ethics and for the concept of a 'practice'.

Management and practices both exist within an institutional context. Founders, boards and chief executives set the values or moral character of institutions and recruit the management; they collaborate in determining whether the institution sustains practices, and whether management can become a practice. The chapter uses insights from virtue ethics and from the management literature to provide ways to strengthen the capacity of management to provide ethical leadership in a society of managed institutions.

### Management as a Practice?

According to MacIntyre, a single human life can be understood through the virtues which have shaped the moral quest of that life (MacIntyre 1985, 218–19). The virtues themselves arise from the moral traditions passed on through the

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communities in which the human life is formed and lives (MacIntyre 1985, 221). He defines a practice as the first of three logical stages in the application of virtue in a social and moral life (1985, 186–87). (The second stage is the narrative of a single human life, and the third is a moral tradition.)

A practice provides a social and moral context in which virtue can be exhibited.

MacIntyre's (1985, 187) definition of a practice provides five basic elements which are arrayed here, noting that 'management' must be shown to contain these elements in order to become a practice:

1. Is management a coherent and complex form of human activity?
2. Is management a socially established and cooperative human activity?
3. Does management have standards of excellence which are appropriate to it and which help to define it?
4. Is management a form of human activity through which managers who try to achieve those standards of excellence realise goods internal to management?
5. Do management efforts to achieve those standards of excellence systematically extend powers to achieve excellence, and conceptions of the ends and goods involved?

Before we turn to answering these questions, we must first look at the basic relationships between internal and external goods, institutions, and management.

## **Internal and External Goods, Management, and the Institution**

MacIntyre (1985, 188) defines the two classes of goods available to be gained in a practice: goods internal to the practice, and the goods that are externally and contingently attached to the practice, but available in other ways. Goods internal may be obtained from excellent performance, excellent products, or the good of a life spent in pursuit of excellence in the practice. Internal goods are goods in common, available to all who pursue excellence in a practice. According to MacIntyre, internal goods can only be achieved by possessing and exercising virtue and by participating in a practice. Only those who participate in the practice can recognise internal goods. Like pride in quality work, internal goods motivate the pursuit of excellence without requiring external recognition (MacIntyre 1985, 188–91).

Goods external to a practice are possessions such as prestige, status and money over which individuals compete (MacIntyre 1985, 190). Depending on circumstances, external goods may or may not be attached to participation in a practice, and they can be had from other activities (MacIntyre 1985, 188). Like the exercise of virtue, participation in a practice does not always realise external goods such as prestige, status and money. Managers should note that both the exercise of virtue and the pursuit of excellence in a practice are necessary to achieve goods internal to a practice.

The next question we address is, what is management, and how does it relate to the acquisition of internal and external goods?

A simple dictionary definition of 'manage' is as a verb with the meanings: to be in charge of, to administer; or to succeed in doing; to control; to handle, cope with; to carry on or conduct. Management is a noun with the meanings: those who manage, as board of directors etc.; administration; conduct; skilful use of means (Collins 1985).

MacIntyre (1985, 30, 227) is critical of management (and in fact, specifically excludes it from being a practice), characterising it as bureaucratic, treating those who work only as means to the achievement of ends which managers accept uncritically. While workers may seek external and internal goods from their work, MacIntyre sees managers as manipulating workers to meet only external ends, thus denying themselves and their workers the opportunity to realise internal goods.

In this, MacIntyre is supported by W. Edwards Deming (1986, 24, 77–85), who is best known for statistical quality control. Deming writes to boards and top managers using the words of workers from meetings conducted around the world. Deming describes how numerical targets, quotas, and performance ratings rob people of their right to pride in quality work. Numerical targets take no account of confusing work instructions, imprecise inspection, poorly designed and poorly maintained equipment, faulty input material and unresponsive suggestion schemes; in effect they demand that workers sacrifice pride in the quality of their work to quantity. Deming makes it clear that managers who do not know the work they manage can neither improve quality nor help the people they are managing to gain pride in the quality of their work. By developing quality systems and removing quantitative goals, managers can reduce cost, increase throughput and enable their workers, including managers, to achieve pride in the quality of their work.

Deming says that pride in the quality of work is the right of all workers, and MacIntyre argues that participation in a practice is a social and moral context in which virtue can be exhibited, and would not deny that opportunity to any human life. I argue that MacIntyre's 'goods internal to a practice' correspond closely to Deming's pride in quality of work. Pride in quality of work can be obtained from excellence in performance or in products, or from pursuit of excellence; and it is a good for the community of workers. Therefore pride in the quality of work, where it does exist, is an internal good for workers, an indicator that the particular work is a practice, and by extension, that the worker possesses an enabling virtue. Thus, managers with an aspiration to pride in the quality of their work will need to exercise virtue and they will need to approach management as if it were a practice.

A more positive definition of management comes from Drucker (1974, xii) who argues that management shapes, and is shaped by, cultural values, society and politics. He defines management as the social function which enables institutions to perform for the society and the individual (1974, 807), and also argues that the competence and character of the manager is the source of the moral legitimacy of the autonomous management of organisations in which individuals become 'productive and achieving' (1974, 811).

According to my interpretation of his writing, Drucker goes even further than this. Simply by interpreting 'productive' as the realisation of external goods, and 'achieving' as the realisation of internal goods, Drucker's words can be read as

charging the manager with responsibility for practices. Competent managers assemble an organisation of individuals, make those individuals 'productive' of external goods for the society, the organisation, the managers and individuals; and 'achieving' of internal goods for the individuals and the managers.

In terms of the relationship between the management and the institution, we find some conceptual agreement between Drucker and MacIntyre, as both view the maintenance of the institution as a worthy practice to some degree. Drucker presents management as serving three main ends: the core practice, the practice of sustaining an organisation (an institution), and the practice of sustaining a society. MacIntyre notes that practices endure only when sustained by institutions, because institutions must acquire material goods in order to sustain themselves. He argues that the making and sustaining of institutions is a practice which creates human communities with specific social and political values and an environment in which the virtues can be exercised and learned.

MacIntyre warns, however, that this need to acquire material goods can lead to an acquisitiveness and competitiveness which in turn can corrupt the ideals, creativity and common goods of practices within the institution, unless some of the individuals involved persist in the exercise of virtue. Only just, courageous and truthful participants who are supported by their institution can secure a practice and resist its corruption by vice (1985, 194–95). Sustaining and developing the exercise of virtues requires the institution to be committed to the development of the moral character of its community. This should be the primary goal for which the institution exists and sustains itself. Otherwise, the pursuit of the external goods which sustain the institution will eventually become the primary goal of the institution, and endanger or corrupt both the exercise of virtue and the practices.

Therefore, the 'good' institution actually sustains two practices: the internal practices by which the institution fulfils its social function, and the practice of making and sustaining the institution. This is why Moore (2008, 501–02) advises all managers to seek excellence and to exercise the virtues in both the internal practices of their institution, as well as in the practice of making and sustaining the institution.

It must be noted here that the 'second' practice of an institution – that of creating and sustaining the institution – is only possible in a moral environment. Institutions set the moral context within which management works, and thus the values of the institution can create or deny any prospect of management becoming a practice. The founders and boards of institutions have a moral responsibility to set values which provide scope for management to be a practice. Ultimately, a good manager has a responsibility to pursue excellence within the scope allowed by the institution, or to choose another institution.

Moore (2008, 503–04) describes six behaviours which would reveal moral character in the life of a manager. Moral managers:

- Select their institutions by their moral purpose and keep that purpose under critical review.
- Develop virtue in their people by giving priority to excellence in the core practice by which the organisation achieves its purpose.

- Seek profit and other external goods sufficient to sustain and pursue excellence in the core practice.
- Develop the character of their organisation and its people in the virtues required to sustain the core practice.
- Design organisations which pursue excellence and sustain critical discussion.
- Moral managers attract and develop employees of good character.
- Moral managers create an environment in which ‘virtue can flourish’.

This is the challenge which virtue ethics makes of managers and institutional boards.<sup>1</sup>

We turn now to address the five questions we asked of management, to assess if it can be a practice in the MacIntyrean sense.

### ***Proposition 1. Management is a Coherent and Complex Form of Social Activity***

Drawing again from Drucker (1974, 40) I argue that management is coherent because it advances a ‘specific purpose and mission’; it is complex because ‘making work productive and the worker achieving’ is complex, and it is social because it manages the ‘social impacts and social responsibilities’ of the institution. More support comes from Henry Mintzberg (1989, 17) who reports on studies of managerial work which confirm that management takes most time for the complex tasks of building social links with peers and outsiders, rather than with subordinates or superiors. Similarly, Peters and Waterman (1982, 6) report that ‘Chester Barnard ... described good managers as value shapers concerned with the informal social properties of organization.’

On the basis of this literature, I argue that management within organisations can be a coherent and complex form of social activity. However, if the institution is not to corrupt practices, the founders or boards of institutions must provide and monitor manager’s performance against a coherent and specific statement of the mission, purpose and values of the institution, which requires management to attend to the development and exercise of the virtues in all activities.

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<sup>1</sup> The extent of this challenge can be shown by contrasting Moore’s guidance with other more formal management codes of ethics, such as the oath for managers proposed by Khurana and Nohria (2008, 73) for Harvard Business School. In Khurana and Nohria, good purpose is not explicit but may be implicit; core practices are not given priority, and external goods are a primary concern. While the character and virtue of the organisation is given attention, and a critical dialogue is supported, the main focus is on a commitment to attracting virtuous people. The notion that a focus on excellence in the core practice will *create* a virtuous environment is lacking in the HBS oath and other similar codes.

### ***Proposition 2. Management Is a Socially Established and Cooperative Human Activity***

Drucker (1974, 807) pointed out that management is responsible for the performance of the managed organisations that perform every major social task in society. Kanter (2009, 66), commenting on the legacy of Drucker, notes that: 'The role of executives is to coordinate the actions of others whose motivation ... is necessary to get the job done'. I again point to Mintzberg's observation (1989, 17) that managers spend almost half their time with 'peers and other people outside their units' who are *not* their subordinates or superiors.

If these arguments are correct, then management is a cooperative human activity, as managers inside and outside organisations engage in the cooperation necessary to meet the purposes and social needs for which their organisations exist.

However, as Deming (1986, 24) has argued, the founders and boards of institutions must ensure that the purposes for which their organisations exist allow their managers, and the peers and workers from whom they seek cooperation, their right to pride in work. Otherwise, the means-ends nature of the cooperation which managers seek from their peers, and from those who work, will overcome the internal good of pride in work which managers, their peers and their subordinates also seek.

### ***Proposition 3. Management Has Standards of Excellence Which Help to Define Management Activity***

MacIntyre (1985, 190) requires that for an activity to be a practice, the practitioner, in seeking 'the achievement of goods', must be willing to subject their practice to the 'best standards realized so far', to 'accept that others know better', and to obey rules derived from those standards. This does not require a practice to have enforceable standards, certificates or a formal education. Learning is required; practitioners must learn about the best standards of management and must accept the judgments of others. MacIntyre (1985, 190) also requires for practices that the goods and standards of the activity must 'operate in such a way as to rule out all subjectivist and emotivist analyses of judgment.' Subjectivism (or, knowing what I like) is *not* enough to determine how to act in a practice. Emotivism, which holds that moral judgments are nothing but expressions of preference, is also not enough. The judgment of how to act requires competence in the practice.

Management meets these standards when managers consciously benchmark their practices against others through meetings, visits, conferences, reading and research. While participation is not universal, management benchmarking occurs at management functions and conferences and many consultants and government agencies provide benchmarking services. Deming (1986), Peters and Waterman (1982, 2004) and Collins and Porras (1994, 1997) are important examples of widely-read management books which provide evidence from disciplined benchmarking.

Other formal benchmarking systems exist, such as the Capability Maturity Model Integration ([www.sei.cmu.edu/cmmi/index.cfm](http://www.sei.cmu.edu/cmmi/index.cfm) Accessed 3 May 2010), a trade-marked process improvement model for organisational development, and the Best Manufacturing Practice initiative ([www.bmpcoe.org](http://www.bmpcoe.org) Accessed 3 May 2010) in the United States defence industry.

Many, including Khurana and Nohria (2008, 72–3) have advanced guidelines or codes of practice for managers. The Australian Institute of Management (AIM 2010) has a Code of Conduct, including a set of Guides to Good Management Practice. The AIM Constitution provides for the promotion of good management practice, but provides no penalties for members who fail to comply.

On the basis of this, it is demonstrated that managers do have access to standards and benchmarks established by people competent in management. However, while management benchmarks may be adequate for the practice of management, managers also need to be competent in the practices which they manage. Both Deming (1986) and Moore (2008) have argued for managers to have competence in the practices which they manage. Furthermore, the founders and boards of institutions have an obligation to support, develop and promote benchmarking and standards of excellence which help to define management activity within their institution, particularly with regard to the development of virtue, character and pride of work.

The next two Propositions take a little longer to address than the first three.

***Proposition 4. Managers Who Try to Achieve the Standards of Excellence of Management Realise Goods Internal to Management***

This proposition, in order to be fully explored, requires that we look at three sub-requirements found within MacIntyre's definition of a practice. Firstly, as we have seen, goods internal to a practice may be obtained from 'excellence in performance', excellence in the products, or the good of a life spent in pursuit of excellence in the practice (1985, 189–90). MacIntyre also notes that realising internal goods is a good in common for all participants in a practice. (MacIntyre 1985, 190–1) This raises the bar a little higher, for if management is a practice then the individual achievement of excellence in management must benefit the whole community of managers in their practice, not simply those managers within a particular institution. Finally, MacIntyre (1985, 191) declares that exercising or gaining in virtue in the pursuit of excellence in an activity is a necessary, but not sufficient, condition for the activity to be a practice. The absence of virtue would prevent the achievement of goods internal to management.

Management literature provides some evidence that these three sub-conditions are met, on some occasions. Collins and Porras (1994, 48) report that enduring values and purposes beyond external goods, such as profits and growth, motivate many managers in visionary companies. 'Profit,' according to David Packard, 'is not the proper end and aim of management – it is what makes the proper ends and aims

possible' (Collins and Porras 1994, 56). Peters and Waterman (1982, 285) also provide many examples of values and purposes which give managers, in excellent or visionary companies, reasons for trying to excel which are not about winning. Many of these are about excellence in product or service, or about institutional contribution to communities. All offer a source of pride in work.

Thus, managers may obtain pride in their work (or goods internal) by developing the institution in which they work to effectively pursue the good purposes of the institution, and by learning, sustaining and encouraging the development of the practices which exist within the operations of the institution.

On the second point, Collins and Porras (1994, 213) describe the internal goods flowing to all managers from the excellence of the management of a visionary company as 'like a great work of art'. Through books, conferences and anecdotes, aspiring managers everywhere observe and learn from excellent institutions, excellence in practice and the lives of great managers. They obtain internal goods from observing excellence in management and from pride in their own workmanship. Celebrating excellence in management benefits all managers and helps to improve management.

The final point on the necessity of virtue is the most difficult to address. Too often we hear of cases where justice, courage and honesty in management appear lacking. The following is a counter-example. In a review of research on management best practice in downsizing, Mishra, Mishra and Spreitzer (2009, 40–3) provide a report from a manager faced with a very large downsizing. This manager recognised the ethical difficulties of downsizing. He followed the standards suggested by Mishra, Mishra and Spreitzer (2009) to manage, communicate and maintain trust down the organisation chart. He gained the esteem of the workforce, an external good, and it seems that he has shown the virtues of justice, courage and honesty. Further, he writes with pride in his work and has realised the internal goods of excellence in the performance of managing a downsizing, and in the life of a manager. He has a message for 'the brass' about the values to which boards and senior managers should be committed.

This gives us an example of the importance of virtue in achieving excellent outcomes in management, and suggests that good managers have reasons for trying to excel which lie beyond money or winning. They value excellence in performance and in their institutions, and they value the life of a manager. In short, good managers can exhibit virtues.

***Proposition 5. Managerial Effort to Achieve Excellence Systematically Extends Powers to Achieve Excellence and Conceptions of the Ends and Goods Involved***

Again, this is in fact a three-part issue. This section first considers whether all management work should be considered the subject of MacIntyre's (1985, 30) specific exclusion of management as a practice. It then proceeds to discuss how



management efforts to achieve excellence extend powers to achieve excellence, and, in turn, how these efforts extend conceptions of the ends and goods involved.

Is all management excluded from practices? MacIntyre excludes from practices the activities of the character he ascribes to managers (1985, 30). Management which ‘...treats ends as given’ is excluded from being a practice in the terms of MacIntyre (1985, 30). If the board accepts or requires that ‘the manager treats ends as given, as outside his scope’ then, management cannot be a practice in the sense of MacIntyre.

But what about management that is not ends driven? Barnard gives good management a character very different from that described by MacIntyre. His ‘good managers’ shape and guide the values and social properties of the organisation. Far from taking ends as given, they create the capacity of the organisation to choose ends which fit those values (Peters and Waterman 1982, 6).

Peters and Waterman (1982, 279–82) also note the enduring nature and power of values in directing organisations. They quote Selznick to the effect that the founders and boards of institutions have a responsibility to set, monitor and sustain the strength of the value commitment of the institution at a level which allows managers to choose ends which fit those values. Where good managers take values, not ends, as given then management shapes values and pursues ends which fit those values.

I argue that values driven management is therefore not excluded from being a practice in the sense of MacIntyre (1985, 30). Once again, the responsibility for setting the values of the company rests largely with the board. In order to arrive at good management, boards must encourage managers to give priority to the internal values of the institution over the external goals (profit, throughput etc.).

From Deming (1986, 24) to Drucker (1974) and beyond, the management literature is full of exhortations to managers to focus their attention on the efficiency and effectiveness of the system, not on the people. The pursuit of excellence in management has produced many ways to improve the effectiveness and the efficiency of the process or system of working in the institution, such as quality (Deming 1986), constraint (Goldratt and Cox 1992) and lean (Womack and Jones 2003). Clearly these efforts of managers to improve and excel have extended their powers, and those of other managers to achieve. However, if management is to be a practice then these tools to improve efficiency and effectiveness must be applied not only to create external goods of profit, throughput or service, but also to generate internal goods such as excellence in performance and pride in work.

Here again, the founders and boards of institutions have a responsibility to sustain a values commitment which ensures that efforts to improve are directed to improving the flow of both external goods and internal goods for all involved.

Does managerial effort to achieve excellence extend managerial conceptions of the goods involved?

Certainly, we may argue that management efforts to achieve excellence produce transformations in management methods and systems. Consider the transformations in manufacturing firms from high cost one-off, high quality craft production to low cost, high volume, low quality mass production, and then to lower cost, high volume, high quality, high variety lean production (see the discussion in Womack,

Jones and Roos 1990). This transformation continues today in services and in the lean enterprise (Womack and Jones 1996, 12).<sup>2</sup>

Managerial efforts to achieve process improvement mean that the goods flowing from working in the process change over time. The results of the improved management of processes flow to customers and citizens as the goods of better institutions, products, services and policies at lower cost; they flow to workers and their households as the goods of safer, less fatiguing, more engaging and higher quality work with increased pride in work; they flow to employers as the goods of satisfied customers, happy workers and returns sufficient to continue the enterprise, and they flow to managers everywhere as better processes and better institutions with the accompanying goods of excellence of performance, of product and of the life of the manager. In such a system, conceptions of the internal and external goods flowing to managers can be transformed as management progresses.

However, founders and boards of institutions set the conditions which determine whether efforts to achieve excellence do in reality extend managerial conceptions of the goods involved. The conception of institutional excellence, the values which the board supports and promotes, all set the scope for management to aspire to excellence.

In short, Proposition 5 can hold in particular circumstances. By their quest for improvement managers can extend their powers and those of their community of managers. They can shift conceptions of the goods involved by their elegant performance, their excellent institutions, their pride in the quality of their work, and their appreciation of their life as managers. In this quest, managers require the support and the value commitment of the boards of the institutions within which they work.

## Summary

Moore (2008) has addressed MacIntyre's exclusion of management as a practice by pointing to the twin roles of managers: sustaining institutions and sustaining core practices. Drucker (1974) also pointed to the moral basis of managerial autonomy arising from performance in sustaining institutions and core practices, but adds to these, serving society. In a society of managed institutions, moral failure of managers will have strong negative moral consequence for the whole of society. In this analysis, it may seem that MacIntyre's archetypal manager is a less culpable figure than Drucker's, one who merely works toward predetermined ends and has not the power to change them. But Moore (2008) makes it clear that the manager has the moral obligation to choose the ends, if necessary by leaving to find and join the right organisation or by successfully challenging the board to choose good ends.

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<sup>2</sup> Craft production is managed from the bottom up by crafts-people. Mass production is managed from the top down by standards. Lean production is managed from the bottom up by the quest to produce value for the customer through solving problems, removing waste and creating flow (Womack and Jones 1996).

I take a more optimistic view of the role of management in working towards good ends. Good management can meet all five of the five requirements I outlined to be a practice. However, this does not mean that all management, as currently practiced, meets these requirements. We know not all management is good, and, the more moral agency we ascribe to managers, the more pernicious we will perceive their failures to be.

In some cases, the failure of management to be directed by virtue is no doubt down to the character of the individual manager. MacIntyre's schema does not rule out the existence of vicious individuals, and we may expect to find these operating in situations which are otherwise characterised by virtue. The moral failures of managers may also be due to the circumstantial nature of human life and work. The real world is not necessarily conducive to virtue (Goldman 2005), and like all employees, managers cannot have perfect foresight about their careers and circumstances can arise which make otherwise 'good' managers choose self-interest over virtue (Solomon 2003). But in many other cases, perceived moral failings of managers may be because the institution in which they work is already focussed on external goods to an unhealthy degree, and the good manager within such a situation cannot change those ends.

The essential argument in this paper is that good management, with the support of good boards, can restore the capacity to generate goods internal to modern work.

Managers and boards of institutions shape the moral and social development of societies, and virtue ethics presents to managers and boards a framework which they can use in filling this responsibility.

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# Chapter 4

## Judgement, Virtue and Social Practice

Chris Provis

### Introduction

The aim of this paper is to explore the relationships amongst some mutually supportive notions, including moral judgement, practice and experience, and how these notions fit together in thinking about management and virtue ethics. Beginning with the idea of moral judgement, I will argue that ethical action by managers in organisations typically requires exercise of intuition that is developed by experience, aided by reflection and social exchange with others in a context that effectively constitutes a ‘practice’, echoing the idea that is central to MacIntyre’s (2007) account of virtue ethics.

This account of judgement in virtue ethics is opposed to managerialist approaches sustained by rational choice theory. Such approaches tend to downgrade the importance of moral judgement by managers, and the means by which it can be developed. For example, I will suggest that undue focus on the ‘principal–agent problem’ pushes aside the possibility that managers need to be able to exercise discretion based on judgement that is based on experience and reflection and developed in a social context.

### Moral Judgement and Practice

To begin with, I wish to highlight the importance of two notions that figure quite significantly in different versions of virtue ethics: the notion of moral judgement, on the one hand, and the notion of practice, on the other.

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The notion of moral judgement is very prominent in Aristotle: his idea of *phronēsis* is a familiar one. Some modern accounts also note the importance of judgement in a full account of the virtues. Hursthouse, for example, pointed out that ‘Each of the virtues involves getting things right, for each involves *phronēsis*, or practical wisdom, which is the ability to reason correctly about practical matters’ (1999, 12). The virtue of generosity is a clear example. To have the virtue of generosity is not just to give things willy-nilly, but to understand what is appropriate to give, considering what is given, the needs and tastes of the recipient, and the other obligations or needs I have, and perhaps an array of other factors such as the extent to which other opportunities for giving may arise. We can see something similar with other virtues. Courage, for example. To be courageous involves not only some resolution and willingness to take a risk, but an ability to perceive what things are appropriate to take a risk for. Or take fidelity. Comte-Sponville writes:

Is fidelity intrinsically valuable? Valuable for itself? By itself? No, or not solely. What gives it value is, above all, its object. One doesn’t change one’s friends the way one changes one’s shirt, to loosely paraphrase Aristotle, and, similarly, it would be as ridiculous to be loyal to one’s garments as it would be reprehensible not to be to one’s friends – except, as the philosopher says elsewhere, when there is ‘excess of wickedness’ on their part. (Comte-Sponville 2003, 19–20, citing Aristotle, *Nicomachean Ethics*, IX, iii)

Moral judgement plays a role both in determining the appropriate objects of fidelity (friends, certainly; garments, certainly not; but football teams? commercial enterprises?), and what constitutes an ‘excess of wickedness’ (all friends lapse from goodness: when does the lapse become an excess?). As with generosity and courage, it will also be required in discerning exactly what fidelity requires in a particular instance (not blind compliance, clearly; perhaps on occasion some measured dissent: but when, and how much, and how phrased?). That someone ‘meant well’ may be a point in their favour, but it is not enough for virtue. Virtue partly involves cognitive ability to discern appropriate actions in particular situations.

On the other hand, virtue certainly involves more than cognition. It also involves decision and action. One way of putting that point is to say that virtue involves practice as well as thought and understanding. The general idea of practice refers to activity aimed at some goals, and that seems to be part of what virtue must involve. Virtue cannot be shown only in armchair contemplation: it requires not only the exercise of judgement but also arrival at decisions to act appropriately and then some carrying out of the decisions.

The importance of practice is clear for any exposition of virtue ethics, but MacIntyre’s well-known account has gone beyond that to the idea of ‘a practice’ (MacIntyre 2007), and that is a second strand of thought about virtue ethics that is relevant for this chapter. MacIntyre’s work has been much discussed, and I shall not go into much detail, but I can note that part (and only part) of his account of a practice is of a ‘coherent and complex form of socially established cooperative human activity’ (2007, 187). That part of his account is at least enough to start with. In this chapter I attempt to tie together the importance of two ideas in virtue ethics: the idea of judgement, and MacIntyre’s idea of a practice. I suggest that the interplay of these ideas is especially important when we consider how virtue ethics applies in business to the activity of management.

## Moral Judgement and Intuition

If we focus initially on the idea of moral judgement, we may note that processes of decision making and cognition have been explored by researchers in a number of areas. Some of these studies have revolved around the idea of ‘intuition’ in decision making, and I have argued elsewhere that it can be related to Aristotle’s idea of *phronēsis*, which has a prominent place in some accounts of virtue ethics (Provis 2010). Often translated as ‘practical wisdom’, or sometimes as ‘moral wisdom’ (e.g. Hursthouse 1999, 59), *phronēsis* is the form of judgement that allows us to recognise appropriate courses of action.

In *phronēsis*, how do we see one option or another as preferable? Somehow, we make the judgement, but how? One line of thought is that we do so through moral intuition. The idea of intuition is not a new one, but advocating it as the basis of ethical judgement is potentially hazardous. After being supported in philosophical ethics during the first half of the twentieth century, the idea of ‘intuition’ as a basis for ethical judgement fell into discredit (see e.g. Frankena 1963, 86–7). In particular, it seemed as though basing ethical judgements on intuition implied some esoteric mental faculty and some unexplained properties of events and actions that such a faculty somehow apprehended.

However, these hazards may be avoided if we can give an exposition of the idea of intuition that is consistent with modern research, and in fact that idea has been taken forward by recent work in modern cognitive science, which has drawn together ideas from psychology, biology, computing and elsewhere to advance our understanding of decision making (see e.g. Clark 2000 and references therein). One definition is that:

Intuition is a process of thinking. The input to this process is mostly provided by knowledge stored in long-term memory that has been primarily acquired via associative learning. The input is processed automatically and without conscious awareness. The output of the process is a feeling that can serve as a basis for judgement and decisions. (Betsch 2008, 4)

Another way to put the point is to say that such intuition is a process of pattern recognition (see e.g. Kahneman and Klein 2009, 520). Modern accounts of how learning may occur in neural networks, through repeated synaptic adjustment, suggest that repeated exposure to instances of one kind and another allow such networks to recognise patterns in phenomena (Churchland 1995, ch. 3). There is no need to assume that the patterns recognised are well-defined categories with clear boundaries. They may be much more like the family resemblances referred to by Wittgenstein (Edelman 1992, 234–5; see Wittgenstein 1958, 32). Nevertheless, through repeated exposure to a variety of examples, we may develop the ability to recognise patterns, without necessarily learning a rule of any traditional form, or acquiring any ability to measure and calculate.

It is quite consistent with this that such intuition can be complemented by conscious, deliberate reflection (Betsch 2008, 7). Equally important here, the role of experience is crucial. Betsch suggests that ‘intuition can yield highly accurate judgements and decisions if the prior sample of experiences is representative for the

current task' (2008, 6), while Epstein comments that, although intuition is often a form of pattern recognition, 'the defining attribute of intuition is the tacit information that is acquired by automatically learning from experience' (Epstein 2008, 31; see also Hogarth 2008, 95). Thus, we should contrast this account of intuitive judgement with an idea of 'intuition' as some kind of innate process, or a process that has inexplicable or supernatural elements. The idea is that we develop the ability to identify situations, perceiving similarities and differences amongst them, through a process of repeated exposure to instances of different sorts.

A significant difference between this account and the ethical intuitionism of former years is that the present account puts aside questions about what intuitive moral judgements apprehend. On some earlier accounts of moral intuition, intuitive judgements apprehended some distinctive moral qualities of situations or actions, rather in the way that perceptions of colour may apprehend something about the nature of a coloured surface. The present account does not try to explain what actions are right, or what situations are morally problematic. Those are important matters, but the present account focuses on the relationship between moral judgement and the agents performing it, rather than the relationship between moral judgements and those situations that are its object.

If we conceive of such intuitive judgement as pattern recognition, what sorts of patterns are in question? The patterns we recognise in social life are typically of scripts, patterns of events that follow one another in sequence, along lines that might be spelt out in some narrative. Schank and Abelson used the term in their account of our mental handling of social processes:

How do people organize all the knowledge they must have in order to understand? How do people know what behavior is appropriate for a particular situation? To put it more concretely, how do you know that, in a restaurant, the waitress will get you the food you ask for whereas if you ask her for a pair of shoes, or you ask her for food on a bus she will react as if you had done something odd?

People know how to act appropriately because they have knowledge about the world they live in. What is the nature and form of that knowledge? (1977, 36)

The answer Schank and Abelson gave in regard to knowledge about social processes includes this suggestion that we organise our knowledge by the use of 'scripts' about social situations, where 'a script is a structure that describes appropriate sequences of events in a particular context'; it is 'a predetermined, stereotyped sequence of actions that defines a well-known situation' (1977, 41). They examined situational scripts where: '(1) the situation is specified; (2) the several players have interlocking roles to follow, and (3) the players share an understanding of what is supposed to happen' (1977, 61). The restaurant script with customer and waitress is one example. The situation conjures up familiar scripts in the minds of the participants, with interlocking, complementary roles, and then 'the waitress typically does what the customer expects, and the customer typically does what the waitress expects' (1977, 61).

Details of the narrative can be very important in coming to an ethical judgement about the actions people in the situation perform, or might perform. The complexities



of such narratives mean that interpretation of such events often calls for ‘moral imagination’ (see e.g. Johnson 1993, ch. 7). Johnson argues that our appreciation of moral principles is essentially rooted in familiarity with varieties of scripts in which such principles apply. One way of putting this is by saying that the principles categorise events that we conceive of in terms of narrative descriptions; they are not ‘rules’ that we can apply in any mechanical fashion, because the categorisation of events and social processes is not a mechanical process. Hursthouse puts the point by suggesting that we cannot expect easy identification of moral rules that any adolescent might apply in a simple way. For example, such rules might involve ‘a grasp of “the *sort* of truth that one does people no kindness in concealing” or “the *sort* of truth that puts consideration of hurt feelings out of court”’ (1999, 61):

Adolescents do not, in general, have a good grasp of that sort of thing, however clever they are. And of course I have to say ‘the sort of truth that ...’ and ‘that sort of thing’, relying on my readers’ knowledgeable uptake. For if I could neatly define the sorts then, once again, clever adolescents could acquire moral wisdom from textbooks. (ibid.)

Such an emphasis is consistent with research on intuition to the extent that such research suggests that successful intuition-based decision making is developed through personal experience. I have already noted comments by Betsch (2008) and Epstein (2008), which illustrate the point that: ‘For many cognitive scientists, the most plausible source of intuition is past experience ... [T]his account conceives intuition as knowledge accumulated unconsciously through experience with numerous cases’ (Smith 2008, 459).

However, the sort of experience that is required is not just any sort of experience: it is necessarily *social* experience. In some ways, this is unsurprising if we accept Wittgenstein’s private language argument (Wittgenstein 1958, 88). Wittgenstein argued that following rules – let alone learning them – requires us to participate in some public process that determines whether our behaviour is truly what a rule requires. Even so simple a rule as a rule for arithmetic addition only makes sense in a social context, if he is correct. It is only in the context of social interaction and feedback that we can even make sense of the idea of a ‘rule’. One might adhere to some regularities in one’s behaviour, like the Englishman who always dressed for dinner in the African jungle. One might even think of this as something that one ‘ought’ to do, but to the extent that we think of something as a ‘moral’ rule we think of it as a regularity of behaviour in a community, subject to social discussion, to comment from others about whether one has actually followed the rule correctly, and so on. As Kripke puts Wittgenstein’s point, if we look only at the individual ‘there would be little content to our idea that a rule, or past intention, *binds* future choices’ (Kripke 1982, 88–9).

My suggestion is not that we can simply extract Wittgenstein’s private language argument, which functions partly to question ideas of ‘private’ language-rules, and apply it willy-nilly to moral rules. It is rather that Wittgenstein’s argument reminds us of a fact that is especially obvious about moral rules: that they are generated and recognised in communities. It is through interaction and response that we learn and apply moral rules and principles, and we do so as part of the process in which

we become familiar with social scripts. Schank and Abelson noted that the waitress will regard it as odd if we ask her for a pair of shoes. So will others. If we are spontaneously unpleasant to her, she and others will regard it not so much odd as culpable.

By and large, the sorts of considerations that need to be thought about in social scripts can be put into words. My line of discussion does not imply that moral rules and principles are ineffable. However, it does suggest that we cannot hope to rely on verbal transmission alone to teach people moral judgement. Hursthouse's references to 'the *sort* of truth that one does people no kindness in concealing' and 'the *sort* of truth that puts consideration of hurt feelings out of court' aim to show how moral understanding cannot be learned by stated principles alone. We may be able to put them into words for purposes of discussion and reflection, as I shall note further below, but that does not mean that we can rely on statements of rules to teach people what to do. One simple reason is that the complexity of what needs to be learned makes verbal transmission impracticable. There are countless types of social prescriptions that we need to learn through social interaction and feedback. These include many aspects of oral communication, for example. Conversational utterances are highly context-relative in their significance, in a context shaped by other utterances that are themselves context-relative (Drew and Heritage 1992, 18). Equally, though, non-verbal interactions are context-relative, and show the importance of such factors as mimicry and response (Wallbott 1995).

## Management and Moral Judgement

In business and management this account of moral judgement has some important implications. They emerge most clearly if we start by noticing approaches that conflict with this account. Over the last few decades of the twentieth century, rational choice theory and its cousins social choice theory and public choice theory gained an extensive hegemony in public policy debate and decision making (Udehn 1996). In their approaches to politics and organisational governance, these views tend to focus especially on the so-called 'principal-agent problem', the idea that in general one person cannot trust another to act in accordance with requirements of social roles or agreements unless it is the other's own interests so to act (for a measured statement, see Gottheil 2008, 387–8). This focus is a natural outcome of economic analysis that assumes most behaviour is the result of self-interested preference. Consequent recommendations for organisational governance and management have two prominent characteristics. Firstly, they have implied that management primarily consists of implementing arrangements to get employees to act in accordance with organisational policy, rather than to engage in dialogue with employees about how best to achieve organisational aims. Secondly, they have encouraged a 'results-based' focus so that employee performance can be most effectively monitored and audited. That is to say, rational choice views have supported 'managerialism' in organisations, especially in public sector organisations

(Self 1993, 157–67; Power 1997, 43–4). The public sector in particular has been seen as an area where the principal–agent problem arises, because of the ill-defined connections between principals and agents (Hughes 2003, 12). Here and elsewhere, the results-based focus goes along with closer monitoring of the agent’s work, and closer specification of what it requires.

Thus, such approaches to management of ethical issues may embody a form of consequentialism, focusing on outcomes as the key indicator of whether actions are right or wrong. Alternatively, if the principal–agent problem calls forth approaches to ethical issues that involve closer monitoring of individuals’ actions to ensure that these conform to organisational policies and procedures, they then seem to resemble forms of deontological ethics that revolve around conformity to moral rules.

In general theoretical ethics, virtue ethics may provide a different option from consequentialism and from rule-based deontology. In business ethics, a virtue-based approach to decision making may offer a different option from a focus on outcomes, and from closer monitoring of individuals’ actions to ensure compliance with organisational precepts. In a management context these latter approaches fall victim to some specific problems that may be instances of more general difficulties but which in any event suggest the need for a different focus. Within management such a focus is provided by accepting the need for individual judgement about ethics, supported within a community of practice where individuals assist one another’s experience and development through processes of dialogue and feedback.

There are some general theoretical problems where we try to discern obligations or evaluate actions on the basis of routine or stereotyped indicators (Power 1997, 75, 115–21). How these show themselves in a management context can be illustrated by a concrete example. In the late 1980s, some ‘result-oriented job descriptions’ were trialled in South Australian public administration. One of them was a job description for a receptionist. The duties of the role had to be defined by the results to be achieved. One of the duties was therefore to ‘ensure clients feel that they have been treated courteously’. Why did that seem better than including amongst the duties ‘treat clients courteously’. The answer seems to be the need to fit within a ‘results-based’ framework, and a focus on definable outcomes of roles promoted by concern about the principal–agent problem. It was anticipated that it would be easier to monitor results of agents’ actions rather than the character of the action itself.

In fact, the receptionist example seems to give the lie to that line of argument, apart from any other shortcomings it may have. The effort to focus on results has been taken too far. This is an example of how reliance on results-oriented decision making over-simplifies and misleads. Assessing whether a client feels courteously treated does not seem to be more easily or reliably discovered than whether the treatment was actually courteous. More important from an ethical point of view, however, there is a real difference between treating someone courteously and getting them to feel courteously treated. Treating others courteously involves genuine attention to their concerns and expectations. Getting them to feel courteously treated might be contrived through distraction or otherwise. If we take seriously the idea that ethics involves ‘respect for persons’, this seems to be the sort of area where respect for persons must be accepted as a type of consideration that cannot

straightforwardly be analysed in terms of outcomes. Here, ethics requires us to be attentive to other individuals' needs and concerns not just because our attention can help satisfy their demonstrated preferences, but because the attention itself is an important part of respect. At the same time, this example helps us to see how individual judgement has to be developed by experience in a social context. We learn what courtesy requires through processes of observation, mimicry and feedback: not just by being taught a set of stated rules. Some requirements of courtesy can certainly be articulated: not interrupting, offering a seat or refreshment, and many others may come to mind. They may be things we were taught when young, that were put to us as verbal injunctions or advice, or they may be things we think of when we imagine situations where courtesy may be required. But it is hard to see how the details could be put in verbal rules specific enough to be followed in any automatic, routine way.

In business and management, there are many roles in people's work where it is the nature of an action itself that is really at issue, and the outcome it achieves is only part of what ought to be evaluated. In all the many jobs that involve 'emotional labour' (Hochschild 1983), in care work, in many types of service delivery, it is likely to be the nature of an action itself that is at issue, rather than just its outcome. In ethical terms, in particular, respect for persons often involves behaviour of one type rather than another, and it is that we ought to focus on, as much as its outcome.

In other cases, it may be that outcomes are at issue as much as a specific type of behaviour, but the effort to improve monitoring of employee performance in response to the principal-agent problem distorts and confuses organisational arrangements because of the difficulties in defining outcomes in ways that are readily measurable, leading important outcomes to be pushed aside in favour of ones that are measurable. For example, van den Broek (2003) studied a child protection call centre that vividly illustrates the point, as results like the number of calls dealt with or average call waiting times were given priority, rather than difficult-to-define outcomes to do with children's wellbeing. Such moves to well-defined outcomes that do not require developed professional judgement are symptomatic of 'managerialism', the approach to management that sees similar techniques being applicable to widely different areas of work, so that a manager's finance industry call centre experience may be transferred to a child protection call centre (van den Broek 2003, 247).

Various studies have cast light on the extent to which the abstract principal-agent problem ought to shape thinking about organisational arrangements (see e.g. Miller and Whitford 2002; James 2005). Empirical studies suggest that individual agents often act on the basis of reciprocity, showing concern about fair outcomes and interests of the principal, not just their own preferences, and because they want to do a good job. Just as a focus on well-defined results can detract from good decision making in social contexts, so can undue focus on individuals' personal preferences as their major motivation.

It is no novelty to suggest that aggregation of individuals' preferences is limited as a means to base decision making. Equally, however, efforts to classify people's

actions according to organisational rules and policies tends to founder on the problem that either the rules are so general that there is room for debate over whether they apply, or so narrow that there is room for contestation about whether they are sound. Consider an organisational proscription against employees accepting gifts. It might be phrased in general terms: 'Employees must not accept gifts that might give rise to suspicion that they have been influenced in their judgement', or something like that. In that case, what might give rise to suspicion is not defined precisely. Presumably the rule has to mean 'reasonable' suspicion, but to work out what might be reasonable suspicion goes beyond any routine monitoring process. Or the policy might say: 'Employees must not accept any gifts'. But then it is questionable why there is a prohibition against receiving gifts of negligible value, and the only reason for narrowing the rule is to avoid the need for moral judgement: not any reason to do with the wrongness of accepting any gifts *per se*.

## Judgement and Practice

So far, then, I have argued that moral judgement involves the exercise of intuition that is developed by social interaction and feedback, and that this idea runs contrary to views that focus on details of decision processes, with emphasis on measured outcomes or detailed rules, managerialist views that are sustained by rational choice theory and concerns about the principal-agent problem. However, this idea is quite consistent with the salience of a practice in MacIntyre's account of virtue ethics.

In particular, the notion of a practice is suggested by the fact that development of moral judgement involves appreciation of social scripts, in the way expounded by Schank and Abelson. The term 'script' is drawn from theatre, where the idea of a 'role' is also found, and both ideas are linked by the idea of a context that gives meaning to what is done. One cannot play the role of Macbeth in isolation: one needs some suitable interactive responses from others who play related roles, according to relevant scripts (if one tries to play such a role without such a context, one will rightly be treated as odd and perhaps insane). So if that is correct, and if it was correct to say above that development of moral judgement necessarily involves apprehension of social scripts, then it follows that development of moral judgement necessarily involves participation in a series of social interactions where individuals respond to one another along lines prescribed by some social scripts.

That does not mean that individuals' behaviour is rigidly determined by such scripts. For example, in the waitress-customer example, each participant has infinitely many options available, even though some options are ruled out as appropriate. There is no finite list of the options that remain available, if only because they can be infinitely varied in terms of timing, style and so on. The point of saying that the learning process has to be through experience is just that the list of options and constraints cannot be set out in some code that specifies everything. Ordering food is appropriate, but not if done by standing on the table and shouting, while asking her for shoes might be appropriate if the cobbler had left them there by arrangement.

Scripts are learned through experience, but the experience needs to be systematic to some extent. Anthropologists often do not learn the meaning of social interactions without some extensive exposure to the routines and social processes of a community. Casual observation of a cricket match leaves the neophyte none the wiser about what is occurring. Appreciation of scripts involves acquaintance with 'coherent and complex forms of socially established cooperative human activity', *à la* MacIntyre. In a case like courteous behaviour, acquaintance is needed with a wide range of activity within a community. We need to learn what others' expectations may be with regard to utterances, gestures and the like, what degree of intimacy may be expected but equally what is regarded as intimate, and so on. In other cases, the area of practice may be much more circumscribed. Police officers may need to learn what sorts of things might constitute a conflict of interest, for example, and company directors may need to learn the difference between a gift and a bribe. In such cases, often some rules can be spelt out, but the point will remain that interpretation of the rules will require exposure to the practices they refer to, and moral judgement will involve recognition of patterns that emerge only on the basis of that exposure.

There are clear implications for management. Werhane (1998, 1999) has argued the need for 'moral imagination' in management, and the present account can integrate that point with a virtue ethics approach to moral judgement and management practice. In doing so, I also show how the place of moral imagination in management lies at the interface between modern cognitive science and the sociology of organisations. Moral imagination is ethical judgement that we develop as pattern recognition through participation in management practice.

Certainly, active participation in a practice often requires mastery of certain language, and it would be hard to learn some things without verbal statements. 'Conflict of interest' is an idea that may be hard to grasp without some quite sophisticated verbal exposition. The to-and-fro interaction of conversation was noted above as a prominent example of the sort of process that is involved in developing social understanding, and linguistic processes must be heavily involved in development of good judgement. Phillips, Klein and Sieck note that 'mere experience does not produce expertise' (2004, 306). The fact that we cannot live by routinely following verbal rules does not mean that we cannot articulate feedback about actions, or use our own mental articulation to reflect on actions we have taken. Language has a very important role to play in developing moral judgement (Clark 2000; Haidt 2001, 828–9). Reflection and dialogue on our own and others' actions seems to be a way to improve both judgement and performance (cf. also Smith 2008, 461).

The importance of both practice, on the one hand, and of reflection and dialogue, on the other, is clear in major virtue ethics traditions. Lai points to 'the centrality of practice' in the Confucian tradition (Lai 2006, 111), but notes that the Confucian tradition also emphasises 'cultivation of reasoning skills and sensitivity in moral deliberation' (2006, 109). The sort of 'practice' that is necessary for managers to develop ethical judgement is not just unreflective behaviour in pursuit of organisational goals, but social activity in organisational settings that involves dialogue,

feedback and reflection, where that reflection may itself be either individual or collaborative. As Clark put it, ‘moral reasoning and decision-making is quintessentially a communal and collaborative affair’ (2000, 274).<sup>1</sup>

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# Chapter 5

## Courage as a Management Virtue

Howard Harris

### Introduction

Courage is one of the few virtues which can be found in both contemporary lists of the determinants of effective management and in the very early lists of writers such as Plato, Confucius, and Augustine. The chapter has two main parts. The first is firmly rooted in Aristotelian virtue ethics. It takes as its base the seven elements in the account of courage developed in Harris (1999), in particular the elements that courage is developed in community and that courage is a virtue directed towards some good which is respected in the community. The second part of the chapter reviews recent work in management, philosophy and the professions, and in psychology, which was a missing element in the original analysis. The chapter builds on two past pieces of work: the publications which flowed from my doctoral studies (Harris 1999, 2001), and a presentation in the initial 2008 seminar for this book project.

A feature of the second section is the inclusion of work by both practitioners and theorists. The former place courage firmly in the management context, provide evidence that courage remains a necessary element of success for today's managers, and identify the circumstances in which it was shown or was lacking. The theoretical focus is on the relationship between courage and community.

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## Classical Accounts

Courage has long been considered relevant in the management of civic affairs. At the height of the Greek city-state in the third century BCE it is mentioned by Plato in *The Republic* as one of the four virtues necessary for those who seek to administer a rightly ordered state or nation (4.427e). In Roman times Cicero describes the same four virtues – wisdom, justice, courage and temperance – as the source of all rights and duties. For him they are essential to the conduct of life and to the maintenance of the union of society and are to be practiced and exercised so that citizens can properly discharge their civic duty (*De Officiis* 1.18). Marcus Aurelius, one of the most respected of Roman emperors, and who spent 40 years as consul and emperor, gives courage a clear place in his *Meditations* as essential to effective governance (6.1). These examples place courage at the heart of early Western thought about governance and politics (Marcus Aurelius 1995; Plato 1985; Cicero 1959). Similar examples can be found in the East. For Confucius in the *Analects* for instance, courage is ‘a central virtue’ (Yearley 1990), one of the ‘three basic qualities of a virtuous person’ (Xinyan Jiang 1997), along with wisdom and goodness or benevolence (see *Analects* 14.30).

Aristotle’s exposition of the virtues in the *Nicomachean Ethics* (333BCE) provides the basis for the understanding of the virtues and their development which held through the time of Augustine to Aquinas and until the reformation. From this and the commentaries and supporting literature it is possible to distil some recurring features of a description of courage. A crucial feature is that it must be part of practical wisdom. As in Aristotle’s definition of virtue, that it is

a state of character concerned with choice, lying in a mean, i.e. the mean relative to us, this being determined by such a rule or principle as would take shape in the mind of a man of sense or practical wisdom (2.6.1107a)

An account of courage would contain a number of descriptive elements rather than a list of necessary and sufficient conditions (such as those found in the definitions of Wallace 1973; Walton 1986; Hunt 1980). The description would be practical, educative and political (Rorty 1986, 170), encompassing references to moral development and to the society in which the action was taking place.

## Courage in Management Decision-Making

The account developed here is one which is relevant to management in that it deals with courage in practice, with courage events, rather than seeking to provide a philosophical or conceptually-focused definition. Indeed it is deliberately not a definition but an account, ‘moulding or giving shape to a concept’ of a virtue (von Wright 1963).

The account has its genesis in Aristotle’s definition of a virtue mentioned above, leading to the description of courage as a state of character concerned with choice, lying in a mean, determined not by arithmetical rules but by the exercise of practical wisdom in community. The account has three aspects, all true to the

Aristotelean heritage and each particularly relevant to management decision-making. The first recognises the dynamic nature of courage, the second is concerned with its development and display, and the third with the requirement that courage be directed toward some good if it is to be a virtue. Each aspect is discussed below, while a more extensive description can be found in earlier publications (Harris 1999, 2001).

### *Dynamic*

Our understanding of the dynamic nature of courage is aided if we consider, at least for a moment, courage in terms of distinct ‘courage events’ rather than as a disposition. The link between courage and management decision-making is also heightened by this device.

A courage event includes all the happenings from the initial ‘felt difficulty’, the starting point in Dewey’s ‘analysis of a complete thought’ (1978), through seeing the need, assessing the obstacles, making a decision, and taking action, to any reflection which takes place after its resolution. In this way the dynamic nature of courage is apparent. A courage event has a time element. It may be short or drawn-out. It may seem to be complete but then re-emerge. It might peter out or be abruptly ended.

This time factor is recognised in the iterative element that is present in many management decision models (for instance March 1994) as it is in many popular descriptions of courage in management (see for instance Watanabe 1996). The concept of persistence is present in the description of courage in the philosophical literature (*NE* 3.9.1117b; *Laches* 192b; Dewey 1909; Lutz 1995) and in the contemporary leadership literature (Porras et al. 2007). Thus any account of courage which is limited to single, isolated events will be incomplete.

In one sense this emphasis on individual events is at odds with MacIntyre’s placement of virtues in practices. This might be taken as evidence in support of MacIntyre’s view that management is not a practice. What we are talking about here is an account of courage in management decision-making. It is not intended to be an account of courage as a management practice or courage within the practice of management in that broadest sense. However, the roots for a resolution of this apparent discrepancy will be found in the account in which community and repeated action play important parts.

Another reason for using the term ‘courage event’ is that as courage is an executive virtue, associated with the will (Pears 2004 after Aristotle), our understanding of courage will be heightened by consideration of cases where courage was called for, but not shown, as well as cases where courage is displayed.

As this account has its basis in management decision-making and the dynamic nature of courage, time is spent now distinguishing four types of courage events. The sequence from recognition to reflection provides the basis for the classification of courage events into four types based on success in achieving the desired outcome and effort by the agent.

**Fig. 5.1** Four types of courage event

		success: best action is carried out	
		yes	no
effort	conscious effort by actor	<b>III</b> summon up courage	<b>II</b> try as hard as I might
	no effort	<b>IV</b> without second thought	<b>I</b> I changed my mind

The two types most readily recognised are those where the manager, or agent more generally, recognises the need for, and expends, effort in seeking to achieve a desired result against some obstacle. Sometimes the manager is successful, sometimes not, and where they are unsuccessful some unhappiness or regret remains. In another situation an initial assessment identifies an action as the most desirable, all things considered, but because of a perceived obstacle the manager deviates, takes a different course and has no regrets. However, an independent observer, aware of the situation and able to make an informed judgement, might conclude that the initial course of action remained the best course all things considered and that the expectation of the community would be for the manager to have pursued it. Courage was expected but not shown. The fourth type again sees the manager at odds with the community but in an entirely different way. The community or external observer recognises the situation as one in which courage was called for, yet for the manager the action was taken ‘without so much as a second thought’ and with no recognition that courage was involved.

A graphical representation of the four types is presented in Fig. 5.1.

### ***Development and Community***

From a management perspective it is not sufficient to have some understanding of what courage is and this section is concerned with the way in which the individual development or exercise of courage can be facilitated or inhibited, and with the interplay between organisations and the development of courage. Tools which can enhance and obstacles which can impede are considered, followed by a discussion of the impact of group norms and the concept of organisational courage.

A wide variety of tools for the development of courage are mentioned in the literature, including three comprehensive listings or toolkits in the management literature (Bateman 1997; Chaleff 1995; Larimer 1997). Philosophers from the time of Aristotle (*NE* 2.1.1103b) and Aquinas (*ST* 2–2.123.9) to Putman (1997) and Yearley (1990) in more recent times have also believed that courage could be developed. To be consistent with the requirement that courage is a part of practical wisdom and

contains practical and analytical elements (Harris 1999) the tools can be divided into three main categories – practice, example and self-knowledge (after Okin 1996, 220).

Managers may be helped not only by tools but at least as much by a better understanding of the ‘temptations’ which are avoided (Hunt 1980), and the management literature suggests that a description of the conditions which stifle courage will help managers to understand the role of courage as well as be better equipped to overcome the hurdles (Dubnick 1998; Hornstein 1986).

Virtue is fundamentally social in nature (MacIntyre 1985) and it is communal existence which fills in the detailed prescriptions that turn abstract principles into lived morality (Blum 1996; Dewey and Tufts 1909; Küng 1997). Thus different communities can have different expectations as to the level of courage in any particular situation. The traditions of one regiment, auditing firm or newspaper may differ from another, with consequences for the effort that is expected when courage is called for, the examples provided and the opportunities for practice. There are also differences according to the role of the agent – more is expected, say, of presidents, nurses and chartered surveyors than of shop assistants, passengers, and passers-by. This concept, that the required level of virtue or courage is linked to a person’s role has persisted over many centuries, found in Plato’s *Republic* (434a) and Fowler’s nineteenth century *Progressive Morality* (1895) and in modern descriptions of occupational characteristics (Gini 1996). Both these links between courage and community are consistent with the core of the account. Aristotle considered virtue to be a mean ‘relative to us’.

More contentious is the question of whether organisations can show courage (Harris 1999). That would seem to require agreement that an organisation can be a responsible moral agent – a widely debated point, see for instance French (1995) and Nielsen (2006). Perhaps less contentious and more relevant in the context of this volume is the concept that organisations have a role in the development and maintenance of the practices through which virtue is sustained (Moore and Beadle 2006).

### ***Directed Toward Good***

The final aspect of the account returns to the subject of the mean. It is essential that any account of courage, especially one which is to form the basis of management training, should clearly indicate that an excess of courage is dangerous. It is not courageous to act rashly, to be fearless in the face of great danger or ‘to rush in where angels fear to tread’ (Pope 1966). Rorty addresses the problem directly in *The two faces of courage* (1986). Confucius recognised the need for appropriateness (*Analects* 17.23) and accounts from the time of Aristotle have included checks and balances – with the two most prevalent forms being either that courage is to be a mean or that courage must be exercised in conjunction with other virtues such as wisdom and justice.

This is particularly important for managers and those who design and conduct management education. The courage that is important for managerial and organisational success is a virtue, not a counterfeit be that hollow or evil. The stories, examples and practices of the community in which the individual manager lives and works will provide the context in which virtue is distinguished from utility.

The three aspects of the account – the dynamic nature of courage, that it is developed in community and directed toward good – are interdependent, not only in the sense that the account is incomplete if any one is missing, but also because there are close links between individual elements.

## Contemporary

This second part of the chapter is devoted to writing about courage in the twenty-first century, work, that is, written or published since 2000. It includes work from psychology and practitioners as well as from the management, ethics and philosophy disciplines. Whilst hopefully catholic it is not an exhaustive survey of all that has been published. A comprehensive literature review is not necessary to demonstrate the continued interest in courage as a management virtue, nor to support my argument that consideration of this one virtue will assist our understanding of the relevance of virtue more generally in effective management.

The interest in courage has been widespread. Books range from the philosophical study *Aristotle on courage* by Thomas Nisters (2000) through Maria Tumarkin's memoir *Courage: [guts, grit, spine, heart, verve...]* (2007) to Comer and Vega's collection of essays *Moral courage in organizations: Doing the right thing at work* (2011). Special issues on courage spanned the professional and academic fields – *Fast Company Magazine* in September 2004, *Social Research* v71:1 (2004) and *J Positive Psychology* v2:2 (2007). Courage was included in the list of important virtues in McCloskey's *Bourgeois virtues: Ethics for an age of commerce* (2006), in Comte-Sponville's *A small treatise on the great virtues* (2003) and in Peterson and Seligman's positive psychology handbook *Character strengths and virtues* (2004). As the *Handbook* says, 'most everyone today seems to believe that character is important' (Peterson and Seligman 2004, 5).

Across this wide canvas of contemporary writing four themes stand out. They are the attempts to define, describe or measure courage, re-affirmation of the importance of courage for management success, the role of community in the development of courage, and the growth of multidisciplinary approaches to the discussion of courage (and virtue more generally), especially approaches which bring together psychology and philosophy.

## *Defining, Describing or Measuring*

The terrorist attack on the World Trade Centre in New York in September 2001 brought forth a very public discussion of the definition of courage. Susan Sontag, writing in *The New Yorker* shortly after the event, described courage as 'a morally neutral

virtue' (2001). The commentary that followed focused on the question of whether, if courage was to be a virtue, it had to be directed toward good. Miller (2000) and Kateb (2004) both see the intention to do good as an essential element of virtuous courage, such that 'only in virtuous action can the virtue of courage be shown' (Kateb 2004, 39). Pears proposes that courage (and other virtues) should be assessed separately for extrinsic value and intrinsic value, so that courage can have 'intrinsic value even when it is shown in the pursuit of a morally bad goal' (Pears 2004, 5). Both Pears and Kateb give an important role to the community in the development of the moral element of courage, and more will be said on that topic in a later section.

This debate about the purpose to which courage is put has not hindered those who seek to measure it. Empirical studies of moral courage in educational practice, 'of high scientific standard and variety' (Bienengräber 2011, 266) including statistical analyses and other quantitative methods are reported by Klaassen and Maslovaty (2010). Sekerka and her colleagues (2007) describe a measure of Professional Moral Courage and the *Handbook* includes 'a family of assessment devices' (Peterson and Seligman 2004, 7).

Notwithstanding these efforts to more clearly define or measure courage, there remains a view, echoing Plato in *Laches*, that 'courage is an impossible subject' (Kateb 2004), one which remains mysterious (Miller 2000).

### ***The Confluence of Philosophy and Psychology***

Almost completely missing from the classical account in the first part of this chapter was any consideration from the field of psychology. No account today could be complete without the inclusion of insights from psychology. There is an acceptance of a need 'to do justice both to the claim of reason and to the claim of feeling in situations requiring courage' (Pears 2004, 11).

This is in part due to the increased interest among psychologists in positive emotions, strengths-based character, and healthy institutions. This movement has been championed since 1998 by Martin Seligman. It is often referred to as Positive Psychology and Positive Organizational Scholarship, and introduces an empirical element into consideration of courage and other positive emotions. The intention is 'to reclaim the study of character and virtue as legitimate topics of psychological inquiry and informed societal discourse' (Peterson and Seligman 2004, 3).

The tone is set by Sekerka and Bagozzi at the start of their 2007 article:

Why is moral courage in the workplace viewed as the unusual, rather than the norm? If we want to cultivate organizational environments that exhibit moral strength, we must consider how courage can be exercised in daily organizational life, as an action that can be achieved by everyone. (2007, 132)

What has been missing, they argue, is 'an examination of how emotions...along with conscious and deliberative thought, work together' to guide individual action (2007, 132). But it is not only personal emotion that is relevant. Moral courage will

be better understood, they argue, if we have a clearer appreciation of what it is that promotes moral flourishing in organisations, for they believe, consistent with the importance given in the earlier account to the role of community, that decisions to act courageously are influenced by both personal and social factors. Using Rest's four-stage model as a basis, they see this as most influential at the commitment stage. Those contemplating courageous action, they argue, 'are likely to consider whether or not their actions will contribute to personal and organizational flourishing' (Sekerka and Bagozzi 2007). Although they do not make reference to MacIntyre in their article clearly this is about internal goods.

Courage remains something that can only be got by doing it, but Sekerka and Bagozzi provide a description in contemporary psychological terms of the process by which decisions to act courageously are made, and furthermore, firmly ground the description within an organisation. This extends our understanding without contradicting the earlier account.

The importance of empirical information about individual moral intuitions is also raised by Appiah in his *Experiments in ethics* (2008) where he notes that ethics is about performance rather than about the resolution of dilemmas (p148, 193f), the value of reflection in forming the good life (p176). This is, Appiah notes, to return to Aristotle and many later philosophers for whom, until the emergence of psychology as a distinct field of endeavour in the twentieth century, the empirical and the theoretical were intertwined.

Daniel Putman makes the point even more distinctly writing of 'the emotions of courage' (2001). Central to courage, Putman argues, is confidence, 'a faith in oneself to act for the best' (2001, 464). Emotion and cognition are intertwined as the 'ideal in courage...is to judge the situation accurately, accept emotion as part of human nature, and, we hope, use well-developed habits to confront fear and allow reason to guide our behaviour toward a worthwhile goal...We need to know ourselves' (2001, 465).

## **The Importance for Business and Management**

That virtues such as courage and love are relevant for contemporary business has been argued elsewhere, placing particular weight on the capacity of the virtues to guide action in situations which cannot be foreseen (see for instance Harris 2002). That requires a broader concept of business, one beyond careful contracting, simple profit maximisation and the quantification of risk. Entrepreneurship has been the principal engine of economic growth in developed economies (and perhaps beyond) in recent decades, and courage is the archetypical virtue for entrepreneurs, facing the risk of huge financial losses, emotional suffering and broken relationships as well as potentially large gains in all those areas (Naughton and Cornwall 2006).

In an analysis which echoes both Putman (2001) and Sekerka and Bagozzi (2007), Naughton and Cornwall argue that a 'thin' version of courage, one which sees it as a response to the 'fear of losing one's property and resources'



leaves aside the opportunity to be motivated by a greater good (2006, 78). Courage, they argue, is a ‘significant revealing of one’s personhood’ and it can be developed within a business organisation when that organisation is a community of work which serves those outside it as the basis for developing those within it (2006, 78–79).

The recognition of the value of courage in management is not confined to entrepreneurship, the quintessential small business activity, but extends to business more generally (Barker and Coy 2003; Dawson and Bartholomew 2003; Comer and Vega 2011), commerce (McCloskey 2006), the armed forces (Sekerka et al. 2011) and professions (Lachman 2007).

## Courage and Community

Consideration of the role of community in the development of courage takes us back to the question of whether or not courage has a moral purpose, for it is those who answer this question with a ‘Yes’ who recognise or promote a place for community in the development of courage. Thus Kateb argues that properly directed courage ‘can only grow out of instilled right opinion’ and that that right opinion is ‘nurtured by the arrangements’ of a society intent on instilling that virtue (2004, 43).

MacIntyre (1985) emphasises the importance of practices in the development of virtue. In Petersen and Seligman’s classification of virtues there are ten criteria on which the judgement of whether or not a characteristic or trait is to be included as a virtue is based. One of these is ‘institutions and rituals’. Unless ‘society provides institutions and associated rituals for cultivating strengths and virtues and then for sustaining their practice’ the criterion for inclusion as a virtue is not met (2004, 27).

Although it was in use before the turn of the twenty-first century, the phrase ‘courage is contagious’ has achieved widespread use recently and can therefore be included in this review of contemporary work on courage. The idea is that an act of courage by one member of a group will beget others. As graffiti on the wall of a major highway in Beirut during the 2011 uprising it caught the attention of the British Ambassador (Guy 2011). The Wikileaks founder, Julian Assange, ended an appeal to his supporters for funds with it: ‘Please donate and tell the world that you have done so. Encourage all your friends to follow the example you set, after all, courage is contagious’ (Assange 2011). There are courage-is-contagious websites, posters and T-shirts. Its use as a rallying call confirms the importance of community as a means of nurturing courage, the relevance of courage in enterprises, and the importance of individuals as exemplars in the development of courage. It also demonstrates that whether or not courage is seen to be directed toward good will be determined by the community in which the courage is developed – some Lebanese may have considered the message to be a call to moral action while others saw it as traitorous.

## Conclusions

Courage is a virtue revered for centuries as a characteristic of effective managers. Recent writing by practitioners, commentators and empirical researchers confirms its contemporary relevance. Although courage is to some extent mysterious, perhaps impossible to fully comprehend, the better that the nature of courage is understood the more effective individuals and organisations will be in developing it.

In the last decade or so the philosophical interest in courage as a virtue has been joined by interest from psychology, such that the interplay between reason and emotion is once again acknowledged. This additional input has enhanced our understanding of the nature of courage. The classical account of courage requires that it be directed toward good if it is to be considered a virtue, and that the good be determined in community. Many of the contemporary writings on courage referred to above support both these concepts. Pears (2004) proposes that courage be assessed separately for its intrinsic value and its extrinsic value, recognising as it were the notion of internal and external goods found in MacIntyre (1985).

Courage is the most widely regarded virtue. That and the extent to which it has been examined, across many centuries, many cultures and many disciplines, make it, I believe, the most suitable exemplar for the wider consideration of the relevance of virtues in effective management.

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## Part II

# Leadership, Virtue and Vice

Howard Harris, Gayathri Wijesinghe, and Stephen McKenzie

The four chapters in this part take up the questions outlined in the previous part; can management be practice and if so, what role do virtues such as courage and wise judgment play in the decision-making process? This part also deals with a further issue: what happens when vice takes hold at the heart of an institution, and what can be done to deal with it?

Erich Fein begins the part with an account of leadership theory, in particular leader-member exchange theory (LMX), to provide examples of the way in which responsible management can be enhanced in an organisation by the application of virtue ethics. He notes that the notion of virtue ethics is highly consistent with the general foundations of leadership theory and practice, and that a number of individual virtues including independence, integrity, honesty and justice are required for successful leadership. Although the LMX approach to leadership encourages the development of high-quality exchange relationships between leaders and members it does not explain why this is desirable, nor does it confine the process to good purpose. Virtue ethics can provide a reason and help members of the organisation to a shared understanding of good.

Helping members of an organization to understand how it can deliver good outcomes is also the focus of Mario Carrassi's paper. In it he describes how the traditional corporate planning model can be extended to focus attention on internal goods as well as the external goods required by the profit imperative. This process which he calls Conscious Corporate Growth (CCG) can be used in an organisation to develop its capacity to behave in a virtuous way, and to enhance its integrity. Carrassi provides a road map for the process which can be used to transform the organisation so that the pursuit of virtuous growth is a *conscious* goal for all its members.

Thus far, we have seen accounts of virtues in management and looked at ways that these might be instilled into the daily lives of both managers and employees. But what of vices? What can a virtue ethics perspective tell us about the vices that are entrenched in particular practices, how to deal with them, and who may be responsible for doing so?

The third paper in the part deals directly with an obvious vice: narcissism. Patricia Grant and Peter McGhee tie together psychological theories of narcissism on an individual level with organisational theory and MacIntyre-based virtue ethics, to analyse the behaviour of elements of the New Zealand finance industry in recent years. The collapse of major financial institutions is argued to be a product of narcissistic thinking on the part of CEOs and other high-level figures in such organisations.

Helen Rusak and Stephen McKenzie's paper on User-Generated Content (UGC) as a practice examines current 'ethical' examinations of the internet in the age of UGC, and finds that the debate contains a considerable over-emphasis on copyright and other legal issues, and lacks an understanding of how ethical cultures and creative cultures can be mutually supportive. The vices of dishonesty and misattribution are viewed as a product of the lack of genuine creative standards regarding UGC, and the authors hope that for a future generation of internet users, the quest for better content might lead to better ethical standards about originality and proper attribution.

Rusak and McKenzie's paper has sought to understand the origin of vice in a lack of standards for excellence. But the vice described by Grant and McGhee's paper is not so easily explained or forgiven. Their paper reveals narcissism as a trait that stems from individuals with a strong belief in their own superiority to others, and develops into an organisational culture which seeks external reward above all else. The authors argue that board members, and those responsible for electing CEOs and other managers, must be scrupulous in ensuring that this type of personality does not gain control of their company.

# Chapter 6

## Virtue Ethics in Leadership Operations: A Pathway for Leadership Development

Erich C. Fein

### Introduction

Leadership processes are of wide interest across both academic and popular forums. One reason for the perennial popularity of leadership is the common realisation that leaders matter. This is true in the production of phenomenon as wide as sustainable global leadership (Morrison 2001) and as narrow as the ethical performance of individual firms (Sims and Sinclair 2008). In a firm-specific sense, there is considerable agreement that leaders have important effects on performance outcomes that contribute to the success of organisations. For example, recent investigations support the notion that effective leadership will enrich the level of social capital within organisations and therefore nurture the motivation and sustainability behind employees' performance (Carmeli et al. 2009). Also, investigations into concepts of ethical leadership suggest that leadership behaviours that emphasise group-wide benefits and positive outcomes for all stakeholders are beneficial for positive employee outcomes, the economic bottom line of the organisation, and the enrichment of organisational culture (Neubert et al. 2009; Toor and Ofori 2009). And within the business ethics literature, ethical leadership models have been linked strongly to concepts within the virtue ethics tradition (Arjoon 2000; Whetstone 2001). The approach to ethical reasoning known as virtue ethics has a long history, which includes practical applications in many early civilizations (Provis 2010). Fundamentally, the notion of virtue ethics refers to patterns of reasoning and action that are housed within a person of character. As such, the virtue approach considers the outcomes of judgement and right action embodied in an individual. When displaying habitual right judgement and action, such an individual exhibits high character and may be considered a role model or exemplar of effective applied wisdom.

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Aside from the possible impact on general business practices, virtue ethics has the potential to offer powerful additions to theory and research in leadership development. The use of virtue ethics may provide a useful pathway for leadership development because many leadership theories, such as transformational leadership theory and leader–member exchange theory, employ relational constructs and relational processes as core elements of interpersonal influence. And these types of relational processes, particularly the processes involved in exchange relationships, can be difficult to understand (van Breukelen et al. 2006). Leadership development is also a promising area in which to apply virtue ethics because little is actually known about the specific processes involved in developing knowledge and skill in potential leaders and organisations (Day and O'Connor 2003). It also seems likely that the virtue approach may enhance leadership development because leadership processes depend significantly on the recognition of social patterns and the use of role models to make sense of situations. Once situations are diagnosed, it is also possible that the application of virtue-based approaches to ethical reasoning might enhance other decision-making skills that underlie effective leadership.

In order properly to understand the nature of virtue ethics in leadership development, one must examine the three major streams and categories of leadership theories (person-based, universal and situational) and look at the potential role the virtue-based approach has within them. Thus, the purpose of the present chapter is to highlight the potential of the virtue-based approach to understanding leadership as a viable yet under-represented framework for leadership development. In particular, I will be examining the links between virtue theory and an approach to leadership known as leader–member exchange (LMX).

Leadership literature generally defines leadership as a social influence process that facilitates the achievement of collective goals (Locke 2003). As noted, within this literature there are three dominant streams of leadership theories. The first main category is person-based theories of leadership, which suggest that relatively fixed traits, such as extroversion and conscientiousness, may be critical to leadership success. Second, universal behaviour-based theories constitute a separate category, where theorists generally argue that there are universal behaviours that produce effective leadership outcomes across nearly all situations. Finally, there are situation-based and interactional theories, which consider the complementary effects of both person-based and environmental factors. These theories are also referred to as contingent-based theories of leadership, and under such theories the match between a leader's traits or leadership style and the demands of the environment will be particularly important (van Breukelen et al. 2006). Furthermore, it is possible that there are subtypes within these theoretical approaches, such as extreme contextual theories of leadership that involve making decisions under situations of high complexity and time pressure. It seems, however, that this general pattern of theoretical categories is accepted as a basic form and it has been represented in other taxonomies (Cowsill and Grint 2008). Each of these categories of leadership theory has had some amount of empirical support. However, in recent years person-based theories of leadership and theories based in person–situation interaction have again come to the forefront of the literature (Judge et al. 2009). Because the virtue-based approach



to ethical reasoning is centred in a human agent of decision and action, this approach may be more readily aligned with the person-based or interactional approaches to leadership theory than with the other two strands.

Within person-based or trait-based approaches to leadership, a broad array of individual differences has been considered. Specific key leadership traits such as general intelligence, emotional intelligence and aspects of personality such as extroversion are often named as key traits within this paradigm. In fact, personality has been the dominant focus in person-based approaches to leadership in recent years (Judge et al. 2009). There may be several person-based concepts, such as emotional intelligence and integrity, that can be related to critical concepts in virtue ethics. This is because virtue-based reasoning promotes effective thinking and action within the context of a leader's character. In addition, particular individual skills, such as skill in decision making, may be important in understanding virtue-based approaches to leadership because judgment and decision-making processes are inherent in core aspects of 'practical wisdom' or *phronēsis*, which is an important aspect of the virtue-based approach to ethical reasoning (Fowers and Tjeltveit 2003).

In addition to the person-based approach to leadership, it is likely that behaviour-based perspectives of leadership can offer complementary insights into how the virtue-based approach may enhance leadership processes. One potential application may be linking key elements in virtue ethics to core leadership behaviours. For example, many prescriptive theories of leadership behaviour follow the classic dimensions of personal consideration and the initiation of structure (Kerr et al. 1974), but the use of virtue ethics may highlight clearer ethical dimensions within these central leadership behaviours. Within this framework, personal consideration is the degree to which a leader shows concern and respect for followers, concern for their welfare, and expresses positive regard through emotional support and appreciation (Bass 1990), and initiating structure is the degree to which a leader defines and organises role-based task behaviours, is focused on goal attainment and establishes well-defined methods of communication (Fleishman et al. 1991). Within a virtue ethics framework, these ideas may complement trait-based theories of leadership by linking classic types of leadership behaviours to an ethically based model of decision making.

## The Virtue-Based Approach to Ethics

Of all the approaches to moral and ethical decision making, virtue-based ethics is the most inherently compatible with elements of leadership and motivation theory. This is because leadership is often about change and the elements within change that move people to action (Locke 2003). As such, leadership theory incorporates many basic aspects of motivational theories, such as the psychological processes involved in the arousal of behaviour and the direction and intensity of effort towards goals. Because there can be no motivation without individual actors, the central claim of the virtue-based approach merits particular concern. This core claim of the

virtue approach is that an action is 'right' only if it is the action a virtuous person would take under the same circumstances (Oakley and Cocking 2001). Thus the central focus in the virtue-based approach to ethical reasoning and behaviour is on the person or on the agents who perform the action. In this regard the idea of virtue consists of two primary aspects. First, virtue is concerned about judgement, where individual actors must perceive which courses of action are morally correct. Second, virtue also consists of actually taking the right course of action. That is, decision makers must enact their judgement by actually doing something.

In this regard, virtue reflects character. In a classical understanding, character means that an individual not only can see what should be done but also has a propensity to take action, and in this sense those leaders who are virtuous can be considered agents of positive habits. Thus, a virtue-based approach to moral reasoning and leadership processes is grounded in the human will as well as the intellect. In fact, many scholars have noted that because of the intricacies in judgement that are inherent in virtue-based decisions, under the virtue ethics approach judgements about ethical action cannot be reduced to simple routines or even rules (Provis 2010). Others have argued that advanced levels of pattern recognition and pattern-based perception are critical to virtue-based reasoning (Provis 2010). This importance of pattern recognition is highly concordant with modern decision-making approaches in cognitive psychology (Churchland et al. 2008; Suhler and Churchland 2009). In addition, the notion of heuristics which is found in modern judgement and decision-making theory may be considered a type of fast pattern-based reasoning (Kahneman and Klein 2009).

While decision-making processes are a key component of virtue ethics, it is important to note that these processes are bound by the individual attributes of character. Therefore the development of character is also critical to virtue ethics. In this sense, we consider character to be a pattern of acting correctly or according to theories of 'the right', but in this case such action develops both from existing categories of how right action appears and a powerful desire to do the right thing (Watson 2003). Another appealing aspect of virtue ethics is that it recognises multiple virtues. Many writers contend that there are classic constellations of virtues that are necessary as character traits to promote human success and adaptation (Oakley and Cocking 2001). Indeed, the classic Greek and Roman virtues of courage, prudence, temperance and justice form a cornerstone of ethical leadership theory (Takala 1998). However, to consider virtues in general, we must here review the basic nature of what of virtue is.

Essentially virtues are character traits, although there are also physical and intellectual virtues. In simple terms, a virtue is some quality of a person or thing that helps it to achieve its purpose. Therefore, to use virtue-based leadership theories, we must consider leadership contributions to the collective purpose of a group. This of course may be a difficult task in an abstract sense, although many writers suggest that the core aspects of human thriving can be found within social practices and social roles (Goffman 1971). In this case essential virtues involve those habits of character and intellect that allow people to excel at social practices that lead to human thriving through the effective fulfilment of social roles. For example, some

writers have suggested that integrity (Morrison 2001) and meekness (Molyneux 2003) are critical virtues necessary for human thriving and sustainability.

We turn now to examine how such theories of leadership fit with the theory of goods and practices proposed by Alasdair MacIntyre (1985). Under MacIntyre's framework, a 'practice' is a complex human activity that achieves a desired outcome of excellence, whereby humans may thrive. Within this collective activity, there are to be found a range of internal activities, which constitute the social fabric that promotes these outcomes of human flourishing. Indeed, any goal-directed collective activity assumes that there must be some range of goal-directed and productive processes. MacIntyre (1985) refers to these processes as 'internal goods'. When groups directed towards a particular practice are successful at producing such internal goods, they will function more effectively, and will produce positive outcomes that promote human flourishing.

Is leadership a practice in and of itself, or an example of an internal good within a practice? This is a central question in determining the role of the virtue approach in leadership theory. In *After Virtue* MacIntyre notes that 'in the ancient and medieval worlds the creation and sustaining of human communities – of households, cities, nations – is generally taken to be a practice in the sense in which I have defined it' (1985, 187–188). In his most recent writing, MacIntyre states that the social activities that create and support communities at various levels (including families, cities, and whole civilizations) are examples of internal goods (MacIntyre and Voorhoeve 2009).

Such a statement strongly suggests a schema in which the creation and sustaining of a community is the 'practice' and leadership is an internal good, or at least a central, internal activity that allows the practice to operate and the community to flourish.

Accordingly, my analysis of the leadership literature suggests that the relations between leaders and other members of a practice are examples of internal goods. Here it is stressed that the key component of several leadership theories centres on *the quality of leader and follower relationships*. These include the individualised leadership theory (Dansereau et al. 1998), as well as the LMX approach (Graen and Uhl-Bien 1995). In particular, many of the key characteristics of LMX theory are based in elements of mutual trust, loyalty and respect (Yukl and Van Fleet 1992), which in turn can be important types of internal goods that will influence the nature of organisational outcomes. I will discuss this further in the next section.

When considering the nexus between internal goods and the relational components of leadership theories, the idea of integrity again comes to play a central role. One clear example of the simultaneous consideration of internal goods and character is the work of Solomon (2005), who represents the concept of virtue as an internal standard and specifically as a diagnostic tool in examining how values are enacted. In this sense Solomon claims that virtues and values bring targets into vision for organisational stakeholders. He also argues that the notion of integrity plays a critical role in the operation of virtue in organisations (Solomon 2005). I noted earlier that there are many virtues – not simply a single, cardinal virtue. In Solomon's scheme, the concept of integrity is not in itself a single virtue, but rather integrity is a synthesis of virtues (Solomon 1999). So when virtues operate together in an

organisation, and these virtues are balanced in the form of a coherent whole that produces internal goods, we can say that integrity exists in that organisation. Likewise, when an individual holds and manifests a constellation of character traits that promote human flourishing, we may say that character is embodied in this individual (Solomon 1999).

Thus, integrity stands for wholeness in the sense that a full range of virtues applies to a person and has an effect on the larger community, whether this is an organisation or ultimately society. Because virtue is embodied and consists of a constellation of individual virtues, virtuous individuals should possess a sense of cohesion to weather conflict. Having personal integrity allows individuals to adapt and change through personal conflicts and organisational storms that present multiple challenges. This is because different challenges necessarily will be addressed by different virtues. It is also important to note that virtue does not mean simply resistance to harmful outcomes. Virtue also includes proactive behaviour that seeks connections to other people. Therefore, virtuous persons are likely to be advantaged in leadership, as the nature of virtue seeks to connect with community to promote the flourishing of that community. Thus virtue ethics should also play a role in the image of the organisation as a community, which is in strong contrast to the notion of self-centred and autonomous individuals embedded in organisations.

In summary, the notion of virtue and virtue ethics is highly consistent with general foundations for leadership theory and practice. The definition offered earlier, that at the most general level leadership is considered a process of inducing others to pursue common goals (Locke 2003), is particularly conducive to understanding the application of virtue ethics because of several particular facets. Specifically, because leadership is a process, leaders must act rather than simply understand situations (Locke 2003). Furthermore, leaders must induce others, and therefore leadership is a highly relational process; in fact at its core leadership is a concept of relationship (Locke 2003). Accordingly, in pursuing general foundations for leadership theory Locke (2003) suggests that there are key traits, skills and abilities that are required for successful leadership. Among these are virtues such as independence, rationality, integrity, honesty and justice (Locke 2002; Locke and Woiceshyn 1995). This is entirely consistent with the point that virtue-based leadership decisions and behaviours are at the core of effective leadership practice.

## **Relationship Development and Leadership Theory**

Within the recent literature on leadership there is a growing emphasis on the nature of relationship and relational perspectives (Uhl-Bien 2006; Uhl-Bien and Maslyn 2003). In this context, relationship development is more than simply examining a single leader and their followers or small numbers of leader–follower dyads, but rather uses a dynamic systems approach that involves social capital at multiple levels of organisations (Hunt and Dodge 2000). However, there is a lack of understanding regarding how specifically to facilitate the growth of relationships in organisations, which is at the heart of the social capital perspective (Uhl-Bien and Maslyn 2003).

In this regard examining the growth or enhancement of relationships may be best accomplished through the lens of specific theories. Furthermore, because LMX theory is centrally concerned with the nature of relationships, this may be a good starting point to examine processes of relational enhancement.

LMX theory can be considered a process approach to leadership because it refers to dynamic interactions between leaders and followers, where the quality of the working relationship between leaders and group members can predict important organisational outcomes. Here the notion of what high-quality working relationships look like is relatively clear. High-quality relationships within LMX theory are generally regarded as characterised by mutual trust, mutual respect, and loyalty and support (Dienesch and Liden 1986). This support can take on a highly transactional nature where leaders and members of organisations may exchange resources such as performance, support and organisational rewards. However, more research is required in regard to specific processes within LMX relationships and how these processes help define such relationships. This is a particular area where the use of virtue-based reasoning approaches can make important contributions. This claim is supported by recent empirical research, which suggests that elements of virtue are key characteristics within high-quality manager–subordinate relationships. For example, recent empirical work on high-quality LMX relationships found that expectations for return were lower, both in the equivalence and immediacy of exchange content and the dimension of self versus other interest (Uhl-Bien and Maslyn 2003). Such findings are consistent with key notions within virtue ethics. Specifically, under a virtue ethics framework, virtuous leaders and followers will be disposed to seek good outcomes for the entire group, rather than basing their various judgments on immediate self-interest. In addition, the virtue-based approach centres on a cluster or constellation of virtues, rather than simple factors like equivalence and immediacy in exchange relationships.

## Using LMX to Illustrate Virtue-Based Leadership Development

As seen earlier in this chapter, there is a vast array of leadership theories. In this section the importance of virtue ethics to one specific theory, LMX, is addressed. Within all leadership theories, LMX holds a particularly high level of promise for integrating virtue-based reasoning and ethical behaviour into leadership development. Primarily, this is because of the central characteristic of LMX theory, which is that the quality of the working relationship between a leader and group members will determine leadership effectiveness (van Breukelen et al. 2006). Furthermore, a major part of this working relationship is the quality of the exchange relationships between the leader and group members, which also holds a particular applicability to LMX. Because the theory focuses on relational quality, its proponents contend that LMX is not part of the leader-centred approach to explaining leadership processes; instead they argue that a different area – the relationship domain – is a central context of concern (Graen and Uhl-Bien 1995).

In addition to these broad factors, it seems that there are two specific reasons why the virtue ethics approach may prove helpful in leadership development. First, virtue ethics holds the concept of *phronēsis* as a critical component of virtue-based reasoning. Specifically, an appreciation of *phronēsis* can be considered a critical component of character development, particularly in developing the types of abilities and skills to make consistent global judgements about the nature of moral issues in leadership contexts. In this regard *phronēsis* can be considered a style of practical or applied wisdom, which allows decision makers to make holistic judgements that include both factual and morally evaluative components (Provis 2010). This style of intuitive judgement is particularly helpful for leaders who must navigate decisions within complex and emotionally charged relational environments. Here the wisdom within the virtue ethics tradition should enable leaders to make decisions considering all elements of situations, which will result in outcomes that suggest benefits for all concerned stakeholders. Again this notion of holistic judgement is critical to the very context of exchange relationships within LMX, and here we may argue that the context of such relationships, as well as the aggregate nature of exchange relationships, are a type of internal good as advocated by MacIntyre (1985). It can be challenging to help developing leaders understand how to obtain personal character qualities that would lead to high-quality LMX relationships, and virtue-based decision-making models may offer a parsimonious means of instruction.

Secondly, the exchange concepts within virtue ethics may help developing leaders understand how to make decisions within narrow exchange contexts between leaders and particular group members. LMX theory provides descriptions of characteristics that constitute high-quality LMX relationships (Liden, Sparrowe and Wayne 1997; Sparrowe and Liden 1997). However, it is often difficult to teach developing leaders how to achieve such states between themselves and others. In this case, using virtue-based reasoning to address specific aspects of exchange content within LMX theory may be helpful. For example, it is generally considered that there are three basic aspects of LMX content: *immediacy*, which relates to the time frame in which exchange needs to be returned; *equivalency*, which concerns the degree of match in the value of the exchange commodities; and *self versus other interest*, which relates to a focus on personal versus group interests in exchange processes (Sparrowe and Liden 1997). There is evidence that high-quality LMX relationships are characterised by lower immediacy, or a broader time frame of exchange, lower equivalence, where the exact nature of the value of things exchanged need not be exactly equal, and where there is high interest in the other party and a focus on reciprocation (Uhl-Bien and Maslyn 2003). Virtue-based reasoning can provide a framework to support the development of low immediacy, lower equivalence and high generalised reciprocity in concern for others. In turn understanding how to apply these concepts in an LMX framework may help leaders develop skills that underlie the positive development of LMX relationships.

Another concern from the decision making literature is that people can value their own contributions more than the contributions of others in exchange relationships (Tekleab and Taylor 2003). It has been hypothesised that under conditions of high LMX, both leaders and group members may be less likely to inflate their own

contributions to work relationships (van Breukelen et al. 2006). Because the virtue ethics approach includes the concept of the mean, which in this sense would be balancing the input of others versus self-input, training in virtue-based decision making may help leaders develop an accurate opinion of their own inputs to relationships.

Finally, a point that has been repeatedly made by LMX theorists is that when LMX theory is accurately followed, leaders will at least try to develop high-quality exchange relationships with most of their subordinates (Graen and Uhl-Bien 1995). However, LMX theory does not address why leaders should attempt to develop high-quality relationships with all individuals in their group. Perhaps this is another area where virtue ethics can offer a reason behind theoretically prescribed behaviours. Virtue ethics suggests that virtuous individuals will promote human flourishing, and in fact such habitual behaviours will become part of their character. In organisations it makes sense to offer the opportunity for high-quality relationships to all group members if the goal is to promote the welfare of all persons. Virtuous individuals who make such habitual decisions as exemplars may promote the development of virtue-based reasoning, and this in turn may promote the extension of offers of high-quality relationships to all individuals in the group. Here it is important to note that the use of exemplars in teaching ethical reasoning is a particular strength of virtue ethics.

When perception is informed by the virtues of the person making a decision, the virtues held by a person may be located in beliefs, principles and values held by the individual (Sherman 1989). Thus, an important yet under-represented area of individual differences that should be included is the nature of a leader's value structures and how such belief systems relate to virtuous leadership outcomes. A key idea here is the understanding of right perception and right action as explained by the virtue approach. This includes first the perception of a situation and then the categorisation of a situation. Finally, the virtue approach recognises that decision makers must match appropriate action plans to situations (Provis 2010). Thus, within virtue ethics individual actors have underlying value structures, and these value structures are revealed in multiple cognitive processes and subsequent behaviours. Here planning and reflective aspects of self-regulation may be considered to reveal values. Second, control of volition and exerting the will to action also reveals an individual's network of values. In this manner, person-based theories may be used to consider the nature of leader cognitions such as goal generation and planning that follow from the diagnosis of a situation..

## **Applicability and Future Research Directions**

Finally, the notion of how virtue ethics in leadership operations can be applied to organisations must be considered. It has already been noted that the virtue-based approach allows a consideration of the leader's character as an essential antecedent to morally good leadership results. This idea is aligned with historic individual difference-based approaches to studying leadership processes. Accordingly, as noted

earlier, it would make sense to examine the applicability of virtue-based principles to developing leadership skills. There are, however, other areas in which virtue-based principles are applicable to specific human resource management functions. One example is the use of the virtue-based approach in personnel selection for key positions within organisations. Another example is the use of training and development interventions such as training in ethical decision-making principles.

Within the area of leadership development, understanding decision processes within leadership operations, and specifically how leadership development may be enhanced by these processes, is a potential avenue for consideration. In this regard, the virtue approach can be compared to explorations of intuitive decision processes (Dane and Pratt 2007). According to Dane and Pratt (2007) intuitive processing is characterised by rapid, non-conscious and holistic associations. Also, intuitive processing involves the situational elements of high-affect judgement, where the nature of process and outcome is emotionally charged, and decision complexity. All of these elements are critical aspects of decision-making cognition, and also capture central aspects of *phronēsis*. Thus, the use of virtue ethics in leadership operations may present a parsimonious means of capturing key elements of reflection, planning and decision making from a cognitive perspective as well as important categories of behaviours that have historically been linked to effective leaders and leadership processes. Specifically, it may be feasible to consider values within the virtue ethics tradition as decision heuristics within areas of leadership development. This makes sense because decision makers, and particularly decision makers under stress, must make rapid sense of intangible information (Kahneman and Klein 2009). Would there be value in refining virtue-based principles to serve as heuristic aids to decisions? This could be the case if potential decision outcomes may be rapidly evaluated in terms of underlying core values and other knowledge of the self when precise calculations cannot be made (Sparrowe 2005).

The central claim of this chapter is that the holistic nature of applying virtue ethics to leadership development can foster responsible management. In turn, this approach is proposed as an effective means of increasing the ethical quality and overall effectiveness of leaders in organisations. I have reviewed some history of the development and use of leadership theory, and have also reviewed the nature and principles behind virtue ethics. I have also discussed processes within leadership development and considered the use of one particular theory – leader–member exchange – in the context of virtue-based reasoning for leadership development. I have noted several ways in which leadership development processes may be enhanced by the leverage of virtue ethics and virtue-based decision-making practices. The next step in this reasoning is to prepare a series of testable hypotheses related to the potential contributions of virtue-based reasoning approaches to leadership development. In time empirical evidence may suggest that virtue-based approaches can provide a successful method for developing leaders. Although producing such evidence would require numerous studies in different contexts, the fact that virtue ethics may provide a parsimonious means to develop ethical reasoning skills in a leadership context would warrant such investment. While it can be debated that leaders matter more in some situations and less in others, most people understand that, under the



right conditions, effective leaders can assist in producing a range of good or harmful effects for organisations and stakeholders. In addition, I propose that the use of virtue ethics can add value to the leadership development process in unique ways, and that the virtue ethics tradition offers a unique framework for leadership development that should be further explored.

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# Chapter 7

## The Conscious Corporate Growth Strategic Approach and Its Implementation

Mario Carrassi

### Introduction

In this chapter the link between virtue ethics as a framework for responsible management and strategic planning is demonstrated and I show how the concepts and practices of virtue ethics are embodied in the Conscious Corporate Growth approach. Concern for the environment, and for sustainability, are now part of the mission of many organisations. However, although they are often keenly and honestly promoted, they are not always integrated with the wider aspirations and plans of the company. This not only hinders implementation but also reduces the credibility of the company's commitment. The application of the concepts of virtue ethics can be helpful in this situation and in others where there are competing objectives, for virtue ethics is concerned with character rather than with what should be done so as to comply with rules or duty, or with how well the results of the company's actions contribute to the good of society.

Therefore, to investigate better what the company does, why it does it, how it does it and what it should do, the focus should be on gaining an understanding of *what the company is*, which values are expressed by the people who compose it, the values of its stakeholders, and the degree of awareness by the organisation of its influence on the mutual relationship with the environment. Or, an overall focus on the capacity and performance of the company as a vehicle to nurture virtue. Such attention placed both on interpersonal relationships among people who operate within and outside the company, and on the analysis of the various environments with which the company interacts, can become the continuous practice of a process of Conscious Corporate Growth. Choosing to focus on the essence of the company means to start a process of self-knowledge that leads first to understand and then to accept to what extent

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the personal habits, the ideas and the beliefs of individuals guide the choices of the organisation. This does not imply some form of strict determinism, but the investigation of the extent to which the social environment impacts on everyone's behaviour and choices. Thus Conscious Corporate Growth for a corporation might be viewed as the process through which it comes to understand its own nature and encourages the development of that nature toward virtuous goals, so that not only are the virtues of individual members of the organisation enhanced but the organisation itself also comes to more clearly or more closely develop a capacity to contribute to society (Carrassi and Harris 2010). This process enhances the degree of awareness in the organisation and sheds light on the level of influence and on the mutual relationship with the environment. Starting from this focus on the capacity of the firm to act as a vehicle to nurture virtue, this paper will trace a path that can make this process possible and feasible. It sets out a methodology that has its ground in strategic planning and seeks to enhance its potential by adding a virtue based element or point of view. A list of the operational steps which can be used to implement the CCG process are described below. Our description of the practical example of the CCG process/experience is set within the strategic planning process. The aim is not to make a tabula rasa of the existing models of strategic planning, but to introduce new elements of reflective thinking that can emphasize informal learning and personal vision.

## Methodological Aspects of CCG

Strategic planning is a set of procedures designed to produce an articulate outcome that is the expression of an integrated decision system (Mintzberg 1994). We consider Conscious Corporate Growth as a set of engagements and activities, a practice (after MacIntyre 1985), that can be designed to reconceive the process by which strategies are created. This comprehensive way of considering strategy planning requires a deep consideration of individual and collective behaviours through the investigation of the intentions that sustain both personal and corporate action. Although difficult and requiring courage, it may improve the efficacy of the various models of strategic planning, enforce the commitment to achieve sustainable goals, revitalise the company's vision and strengthen through courage the implementation of proactive change.

Another of the acknowledged founders of strategic planning, Russell Ackoff, has a slightly different point of view. For him, the planning system is necessary if the expected future situation implies the adoption of a series of independent decisions to generate the change, i.e. a set of decisions aimed at achieving multiple purposes (Ackoff 1970). In this sense, strategic planning is a complex human activity that takes into account a multitude of often conflicting variables in a non-predictable chaotic system, as Berger noted in regard to Corporate Social Responsibility (Berger et al. 2007). It is not, therefore, a matter of strengthening economic and financial development by maximizing a single objective, but to optimize the different economic, social and environmental elements that necessarily interact with each other.

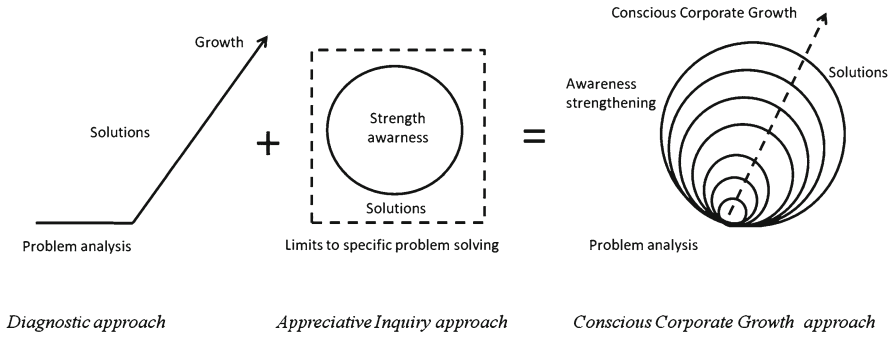
Following this perspective, a fruitful relationship between all the variables of the system would be activated, ensuring practices of excellence that lead to economic prosperity, satisfaction and simultaneous fulfillment for individuals, companies and the environment considered as an inseparable whole. Thus, what makes a company excellent would not be the individual decisions but rather their correlation to achieve a balanced support of all actors involved in the economic and social system. Accordingly this view takes for granted the diagnostic approach to strategic and organisational change, which proposes the analysis of malfunctions and shortfalls against agreed goals as a starting point to evaluate and correct what is wrong in the company's present situation.

In proposing a practical activity/process which could be undertaken to implement or instill CCG we draw on the Appreciative Inquiry approach (Cooperrider and Srivastva 1987), that identifies the starting point for a strategic change with the process of raising the awareness on the organisational strengths, that either mitigates the negative consequences of the diagnostic approach (including distrust, power struggles, bureaucracy and conflict) and promotes more long term strategic thinking and relationship-related perceptions. Indeed, some scholars have pointed out that, the linear models of strategic planning could be revitalised by the integration and correlation of strategic decisions "by leveraging Appreciative Inquiry's positive focus on the self to empower individual employees in the change process and by leveraging diagnostic approaches' more negative focus on problems away from self to give participants a common enemy around which to rally" (Sekerka et al. 2006, p. 474).

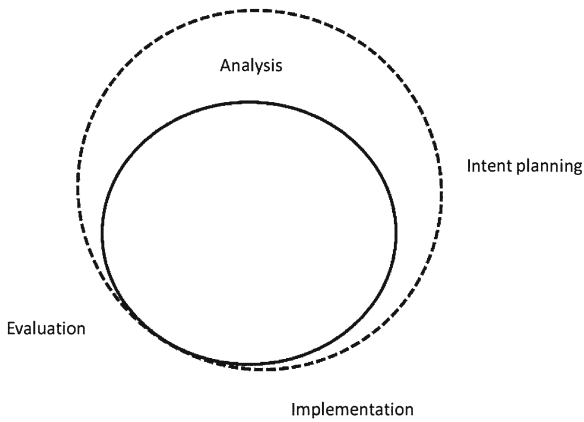
Consequently, while for strategic planning based on diagnostic approach, the solutions to be implemented result from the earlier analysis of the problems, according in many cases to a programmed driver development, strategic planning based on the Appreciative Inquiry approach identifies the solutions within the organisation, by conceiving ways to strengthen empathy, collaboration and creativity, qualities that are difficult to measure and contextualize. Although the appreciative enquiry approach leads towards more favorable attitude towards long term efficacy, the difficult evaluation of the results may distract a company from the pursuing of its planned change program.

The leveraging of the two approaches can result from an application of the Conscious Corporate Growth approach that integrates and correlates the analysis of the partial problems with the rising of the awareness on the organisational inherent qualities and on individual virtues. This can guide the company into a holistic vision that can generate an evolutionistic growth spiral that allows the long term prosperity of the different actors of the economic and social system (Fig. 7.1).

The basic architecture of a strategic planning process based on CCG arises from these considerations and consists of four basic steps: Analysis, Intents planning, Implementation and Evaluation. Although these stages are sequential, the process is cyclical. This means that the four phases are placed in a sequence that leads back to the starting point and, therefore, can be configured as a circle in which the correlation of specific activities of each stage amplifies the results of the whole process and triggers a new circular sequence in accordance with a spiral growing pattern (Fig. 7.2).



**Fig. 7.1** CCG evolutionistic growth spiral



**Fig. 7.2** The circular sequence of CCG phases

### **Operational Steps of CCG**

This section provides a brief description of the nature, the characteristics and the content of the four phases and the following section provides a description of the steps involved in the practical application of Conscious Corporate Growth in an organization.

#### ***Analysis***

Analysis is a critical evaluation that is undertaken to strengthen the knowledge of a specific situation, usually it is conducted by splitting the observed object into its constituent parts, then describing these parts and their relations with the whole, thus identifying the right structure and composition of the problem. According to the Appreciative Inquiry approach the object of this first step is to identify the

organisation's strengths as positive key resources for change, without ignoring or underestimating the problems facing the organisation. Instead of focusing on the problem and its possible solutions, the focus is placed on the visualization of an ideal state of the organisation in which the problem has been successfully addressed and resolved.

Thus CCG can be seen as an alternative way of looking at management practices in order to consider and include soft variables that enhance self reflection and that stimulate behavioural reorientation and transformation by sustaining moral awareness, fostering curiosity and motivating people's desire to explore the ethical alternatives. This would lead to the improvement of the overall experiences that derive from personal and collective actions, where participants are oriented to take care of company resources (people, tangible assets and intangible assets) and to enhance sense-making through the practice of giving and receiving meanings and consensus. In this way, participants are led to take an active role in building an effective successful image of the organisation that will lead the following steps of the strategic process and helps to reduce the fear, stress and anxiety, often associated with an organisational change.

### *Intents Planning*

Whether an action is considered successful or unsuccessful depends at least in part on whether the intended result was brought about. Strategic intent has been defined by Hamel and Prahalad (1989, p. 150) as "a [sustained] obsession with winning at all levels of the organization", that goes beyond environment-sensitive strategic planning to represent objectives for which "one cannot plan" (Hamel and Prahalad 1989, p. 152). Intents planning require the sharing of positive approaches to problem solving among participants, the identification of priorities for action and the choice of the ideal set of intents to make the organisation move toward an optimal end-state.

The uncertainty inherent in any planning process is partially reduced due to the motivational boost to achieve a shared and positive outcome, which is a specific characteristic of the process of formulating the intent. Strategic intent represents a proactive mode in strategizing, a symbol of the organisation's will about the future, which energizes all organisational levels for a collective purpose (Hamel and Prahalad 1989). In other words, in the chaotic and probabilistic environment where companies operate, one cannot be certain of the results, but one can be sure of the intent formulated, which, in turn, affects the results.

### *Implementation*

As the organisation becomes aware of its present condition and of the problems to face in order to achieve its transformation goals, it becomes clear that the implementation of the intents planned imply some behavioural changes which will affect

Sphere of simple answers	What for?	Who benefits?
Sphere of reflective thinking	What pleases?	Whose needs are met?

Fig. 7.3 The four questions of the compass of value

both individuals and the interaction of the company with the economic, social, and environmental system. At this stage the compass of values assumes a key role in guiding the process of awareness through a mode of inquiry that also assists participants to develop their reflective thinking skills. This compass of values is at the core of the practical process which can be used as a way of commencing, nurturing and developing Conscious Corporate Growth. To guide their strategic decisions towards Conscious Corporate Growth, the individuals within the company set up a compass of values whose cardinal points are determined by the response to four questions related to the choices to be made: What for? Who benefits? Whose needs are met? What pleases? Although at first sight the four questions may seem similar, a closer examination makes it possible to capture some subtle but significant differences. Two of the four questions in the compass of values consider immediate circumstances, and two require reflective thinking on deeper issues (Fig. 7.3).

In particular, the questions in the sphere of simple answers refer to a structured deterministic model of reasoning, while the questions in the sphere of reflective thinking imply a thoughtful critical analysis that leads to take more informed decisions on the basis of an increased awareness. In other words, the first group of questions produce answers that are likely to reflect an ego-based approach in which the subject is often separated from the decision to be taken, while the second group produces answers that require a deeper analysis of the reasons behind a decision and can more likely lead to virtuous results. This two-stage response process can generate a favorable experience that can become established in individual decision making and gradually extend at the organisational level, producing a positive transformation of corporate behaviour.

In the implementation of the Conscious Corporate Growth paradigm the diffusion of good practices can follow the following directions:

- *One to one*: where the communication between two individuals is direct and unstructured.
- *One to many*: where a champion is involved and the communication is direct and structured.
- *Many to one*: where the whole organisation communicates effectively the new ideas by representing itself to the individual through its behaviour and its practices. The communication is indirect and structured. For example, potential employees may show more attraction and loyalty towards companies that are seen to pursue a “Syncretic Steward” approach to Corporate Social Responsibility, that is to companies where the company is focused on both the external and the internal market for virtue (Berger et al. 2007).



- *Many to many*: where the company's behavior influences the other actors in the economic and social system and is, in turn, influenced by them. The communication is indirect and unstructured.

Depending on the size and complexity of the organisations, the effective implementation of the CCG program may benefit from the creation of a specific team overseeing and monitoring the realization of the various stages of the process. The establishment of the CCG team can also make use of external trained facilitators.

## ***Evaluation***

The measurement of the overall results achieved with the implementation of the CCG program are difficult and sometime impossible to evaluate in traditional ways, therefore this phase will represent the main pitfall of the process if the potential which derives from good experiences is not taken into account. We consider Conscious Corporate Growth to be a practice within those organisations that adopt it, and it could be argued that a practice is based on the experiences that it produces and that what makes a practice useful are the benefits obtained through its implementation.

Companies are similar to organisms that have properties that cannot be explained by the presence of their single parts: in fact these properties emerge unpredictably from the interaction of the parts. Virtuous companies are increasingly perceived to have greater intensity by both internal and external stakeholders, than, for example, those guided by a strict logic of strategic planning where each activity responds to a numerical calculation, because they have valuable and attractive qualities that are not reducible to quantitative measurement.

Taking this analogy one step further, companies can be seen as systems where people are cells of a bigger entity and not just as cog wheels in a machine or nodes of a computer network. Stakeholders are more than just parts of a mechanism oriented towards the economic and financial growth mechanism: they are individuals whose qualities and competence redefine the form, the function and the results of the business system as they do in Beyers and Lagenberg's description of a respect-driven stakeholder practice (Beyers and Langenberg 2010). In this sense, profit retains an important but not exclusive role to ensure the sustainability of corporate decisions.

Commitment is needed from individuals to enhance the collective effort that allows the company to operate profitably and virtuously, in order to ensure the welfare of each part (and all parts) of a complex business system and society. Its main purpose is to awaken a great effort to provide a depth of meaning, so as to produce permanent experiences which, although not fully measurable in quantitative terms, can drive the company on a path of excellence. In this sense, there is a clear limitation in the identification of a measurement system that can properly work both for well-being profit oriented goals and for wellbeing oriented business activities, in order to find a fruitful combination that becomes a sustainable source of fulfillment, hence producing virtuous outcomes. This limitation provides ample opportunities for future research.

## **Implementing CCG**

What a Conscious Corporate Growth experience in an organisation is like can be seen from a description of four elements of the process: the preliminary activity, question sequence, plenary session, and the definition of the role of the facilitator. Parallels will be found in the description of the transdisciplinary multistakeholder learning dialogue described by Beyers and Langenberg (2010) and in the Appreciative Experiential Inquiry process by described by Sekerka (Sekerka et al. 2006).

### **Preliminary Activity**

An initial activity aims to create the ideal conditions for a positive interaction aimed to foster team work and maximize individual experience. The exercise is designed to facilitate the analysis phase by adopting an experiential technique. A facilitator invites the participants to switch their attention from the intellectual prospective towards their emotional and physical sensations. Participants are encouraged to temporarily suspend the intellectual opinions that could limit the effectiveness of the analysis. The objective is an expansion of consciousness that implies the use of latent resources that are often neglected in business decisions. Participants take part in an exercise in which they observe how their thoughts sustain them, the way they are generated and connected, and which fosters their curiosity and focuses attention on the process of interaction itself rather than only on the outcomes obtained. The exercise requires honesty in the answers, transparency, reliability and concentration. Direct and honest communication is a prerequisite of success.

### ***Question Sequence***

The facilitator then presents a situation that is challenging the company or recalls a specific event from recent corporate history, giving a clear, impartial description. Participants are then invited to focus individually on the situation or on the event, and then to reflect on it by answering a structured series of questions about their personal response to the situation nominated by the facilitator.

The exercise is carried out in pairs where one is the Pilot, who asks the questions and takes brief note of the answers, and the other is the Investigator. (Additional information, including the question sequence can be found in [Appendix A](#)). The questions come in groups of four, beginning with ones about what it is that they or certain stakeholders like or dislike about the situation, followed by ones about the Investigator's physical and emotional sensations. At the end of the question

sequence the Pilot gives the notes to the Investigator and they reverse roles and repeat the sequences using the same questions.

### *Ideal State*

The group then engages in plenary discussion of the outcomes and insights that participants have gained from the question sequence, the facilitator driving the attention towards description of an ideal state of the organisation in which the problem has been successfully addressed and resolved, and seeking general agreement on this.

### *Intents Planning*

The plenary session then proceeds to the next step, which turns the focus of attention on to Intents' planning in order to formulate intents that can drive people's motivation through desirable goals, sustained by the increased awareness generated from the analysis phase. Although there are parallels with the vision statement in strategic planning, Intents are not identical to vision statements. The most striking difference between them is the degree of collectivity, as many authors describe a strategic intent as a phenomenon diffused at multiple organisational levels (Hamel and Prahalad 1989, 1994; Hart 1992), while a vision is more clearly a top management leadership tool (Kotter 1995), often ascribed to a single visionary leader (Mintzberg and Waters 1985).

The formulation of effective intents will be more productive, more likely to engage participants in thought about what the company is, if the process and statements focus on the following:

- expressed in present time, as if what one wants has already been obtained
- focused on what is desirable and not on what one wants to avoid
- precise and specific
- focused on the best outcome achievable
- expressed in a way that produces emotional involvement
- focused on co-evolution rather than competition
- credible and balanced
- cognizant of all the stakeholders involved, seeking widespread optimization.

Participants are invited to formulate the intents individually and then to brainstorm in group in order to highlight contradiction and similarities. At the end the facilitator helps to identify a list of Intents that express well the desirable results. This will represent the base on which to build the Intents planning.

## *The Facilitator*

The description of the preliminary activity and the plenary activity with its ideal state and intents planning segments makes it clear that a facilitator in an integral part of the process. As noted above, a distinct feature of the concept of strategic intent is that it is diffused at multiple organisational levels rather than imposed from above. The facilitator must have this aim of broad engagement foremost, and avoid action which suggests any foreknowledge of an officially desired outcome. For that reason an external facilitator may be preferable to one from within the organisation.

## Contemporary Context

Conscious organisations do not compete only on costs, but they respond to market changes by focusing on their real and specific factors of competitive advantage: that of being flexible, fast and creative. It is now crucial to develop a tertiary intelligence rooted in the intangible assets which feed the growth of new businesses and new jobs, creating the conditions for a real sustainable development. In order to achieve these results the organisation needs to update the model of its business by:

- purchasing, producing and selling meanings (*sense making*);
- putting itself in the shoes of the internal and the external client (*global service*);
- widening the range of corporate relations and increasing social capital (*networking*);

These three goals may be reached together by activating the self-investigation of decisions and choices taken at different levels within the organisation. It may be, for instance, that good results can be achieved by following the golden rule of good sense: “to act towards others as you expect others act toward yourself”, rather than “to act towards others as you expect others *do not* act toward yourself” too often applied today. Could the latter come from the utility maximization paradigm which states that “no one can be better off without some being made worse off”? Could instead the application of the golden rule be considered a comprehensive set of values that lead to a *conscious co-evolution* of the business environment?

The challenge is to gradually transform the organisation into a “factory of meanings” for the benefit of its own members, the stakeholders, the environment and the vast global economy, thus giving an opportunity to be recognized, valued and “bought” by new proactive potential customers, hence producing tangible profit. The sum of people’s creativity, aesthetics, spontaneous cooperation, sharing of values, incentive to personal and corporate community growth becomes a valuable contribution. The key to moving in this direction may be found in an examination of the growing level of dissatisfaction in present society, where people have almost everything but are not happy. Many believed that the artificial world could satisfy every need, but the reality has shown that a move to a higher need is often accompanied by a higher level of dissatisfaction. For instance, while living in a highly urbanized

society characterized by an endless frenzy of real or potential interactions with others, people often feel terribly alone, or closed in a few family relationships. The dissatisfaction is not therefore solely concerned with tangible outcomes, the comparison of objects owned or possessed, but also with relationships.

## Conclusion

The response to this dissatisfaction and disquiet that affects human behaviour and, as a direct consequence, corporate conduct, must be sought in the improvement of the exchange of meanings and values among persons and organisations in order to strengthen human relations and create a valuable sense of unity, in the gradual transformation of the organisation into a “factory of meanings”. The direct consequence can then be the shift from the identification of external and separated forms towards integrity and a sustainable quality of life. Such a shift can lead both individuals and the organisations to learn about how to face individualism through reciprocity, shortsighted decisions through sustainability, the search of instant gratification through the search for meaning, and the limited target of economic and financial growth through the comprehensive concept of Conscious Corporate Growth. As Chun says: “organizational virtues are ethical characters of organizations that can be operationalized using human personality traits validated as corporate personality” (Chun 2005).

This is, we contend, a manifestation of virtue ethics as a framework for responsible management. The process of conscious corporate growth is one in which the organisation develops its capacity to behave in a virtuous way, and to enhance its integrity. This integrity and the goal of enhanced relationships and contribution to society are valued for themselves, as internal goods, not solely as external goods contributing to reputation and profit. This development process occurs within the community of the organisation, and benefits from the identification of exemplars at both individual and corporate level. It can be achieved through a process which builds on established processes of strategic planning and Appreciative Inquiry.

## Appendix A

The following are an example of possible questions:

### ***What do you do not like of this situation?***

(After few seconds) Do you really not like this?

(After few seconds) What are your physical sensations in this moment? (Describe)

(After few seconds) What are emotional sensations in this moment? (Describe)

### ***What do you like of this situation?***

(After few seconds) Do you really like this?

(After few seconds) What are your physical sensations in this moment? (Describe)

(After few seconds) What are emotional sensations in this moment? (Describe)

***What do you think our stakeholders do not like of this situation?***

(After few seconds) Do you really take decisions according to what you just said?

(After few seconds) What are your physical sensations in this moment? (Describe)

(After few seconds) What are emotional sensations in this moment? (Describe)

***What do you think our stakeholders like of this situation?***

(After few seconds) Do you really take decisions according to what you just said?

(After few seconds) What are your physical sensations in this moment? (Describe)

(After few seconds) What are emotional sensations in this moment? (Describe)

***How does this situation mirror yourself?*** (Here the effort is “to observe the situation within the individual” and then to find answers.)

What steps are you implementing to improve the situation?

Are these steps effective?

If the answer is yes: Why? If the answer is no: Why?

If they are effective keep on going.

If they are not working, how would you change your strategy? (Describe)

(After few seconds) What are your physical sensations in this moment? (Describe)

(After few seconds) What are emotional sensations in this moment? (Describe)

The pilot gives back to the investigator the notes. Then they reverse the role.

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# Chapter 8

## Organisational Narcissism: A Case of Failed Corporate Governance?

Patricia Grant and Peter McGhee

### Introduction

A developing body of literature has begun to explore the presence of narcissism in organisations and in organisational leaders (Chatterjee and Hambrick 2007; Downs 1997; Duchon and Drake 2008; Roberts 2001). Recent corporate scandals in New Zealand, evidenced by the collapse of a large number of unlisted finance companies, involved senior executives and directors promoting their organisations to investors while potentially defrauding them, and then practising denial when the company's serious financial problems became known.

We contend that some of the behaviour exhibited by these organisations' management-control nexus (i.e. the board of directors (BOD), the chief executive officer (CEO) and the senior management) could be characterised as narcissistic, and contributed to the creation of narcissistic organisations where unethical behaviour was considered normal. Confronted with the challenge of improving ethical standards in general and avoiding narcissistic behaviour in particular, reformers could respond in one of two ways: to place more emphasis on character, or to change the rules of the institutions in which the individuals operate (Bragues 2008). We argue here that the narcissistic tendencies found in some organisational cultures are largely determined at the level of the corporate governance of the organisation. The BOD is ultimately responsible for the moral or immoral identity of the organisation. However, instead of advocating for rule reform, we contend that the problem lies with the *character* of the directors and the manner in which they exercise their judgement in the selection of the CEO and incoming directors.

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## The Vice of Narcissism

In ancient mythology, Narcissus, a particularly handsome young man, rejected the advances of Echo, a river nymph. A heartbroken Echo prayed to Nemesis, the goddess of divine retribution against the proud, who caused Narcissus to fall in love with his reflection in a pool one day without grasping that the face gazing back at him was his own. Eventually, after pining for some time, Narcissus recognised the image in the water and, realising his inability to act upon this love, he wasted away to death at the edge of the pool (alternative versions of this tale have him reaching out to kiss his reflection and drowning or committing suicide by sword). According to the tale, his soul was sent to Hades, where he continues to gaze at his reflection in the river Styx, while the Narcissus flower grew where he died, forever reaching towards the water.

The modern psychoanalytic genesis of the term narcissism is Sigmund Freud's (1914) work 'On Narcissism: An Introduction'. In this, Freud defined narcissism as 'a state of being the centre of a loving world in which the individual could act spontaneously and purely out of desire' (Brown 1997, 644). Freud believed that as infants we experienced this state and as adults we project the possibility of returning to such a state by means of our *ego-ideal*, that is, 'our model of the person we must become in order for the world to love us as it did when we were young' (Brown 1997, 644). Unfortunately, no individual can ever attain this ego-ideal. The resulting futile awareness of this search, and our need to protect our sense of self, causes us to adopt certain ego-defence mechanisms. Central to this understanding of narcissism is the need for individuals to maintain a positive sense of self and the engagement of ego-defensive actions to preserve self-esteem.

In modern parlance, yet still rooted in this ancient myth, narcissism 'generally connotes a person who possesses an extreme love of the self, a grandiose sense of self-importance, and a powerful sense of entitlement' (Duchon and Drake 2008, 303). While useful, this definition needs further unpacking. Brown (1997), while noting the divergent conceptions of narcissism, summarised much of the extant literature into six broad behavioural/psychological predispositions. *Denial*, the first of these, has the narcissistic individual 'disclaiming awareness, knowledge, or responsibility for faults that might otherwise attach to them' (p. 646). *Rationalisation* is the narcissist's attempt at justifying unacceptable behaviours or attitudes and presenting them in a socially acceptable form. *Self-aggrandisement* refers to the tendency to overestimate one's abilities or achievements. The narcissistic personality, imbued with these beliefs, is often accompanied by 'extreme self-absorption, a tendency toward exhibitionism, claims to uniqueness, and a sense of invulnerability' (p. 646). In addition to these traits, and to further self-enhancement, the narcissist also distorts reality through selective perception. The fourth disposition, *attributional ego-tism*, is the tendency to explain events in a self-serving manner and to attribute positive outcomes to causes internal to the self and negative outcomes to external factors. The psychoanalytic literature generally accepts that narcissists use self-serving attributions to preserve and/or enhance self-esteem. A narcissist, bolstered by the above traits, also has a strong *sense of entitlement*. This, in turn, is associated with 'a strong belief in his/her right to exploit others and an inability to empathize



with the feelings of others' (p. 647). Unfortunately, for him or her, this lack of feelings towards others matches an insatiable need for their approval and admiration. Thus, the narcissist finds themselves in the not so enviable position of 'holding in contempt and perhaps feeling threatened by the very individuals upon whom he or she is dependent for positive regard and affirmation' (p. 647). Finally, narcissism is also associated with high levels of *anxiety*. Research demonstrates that narcissists suffer from feelings of dejection, worthlessness, hypochondria, despair, emptiness, fragility and hypersensitivity. While anxiety itself is not an ego-defence, it is what the above ego-defence mechanisms seek to ameliorate.<sup>1</sup>

According to Brown (1997), while these traits define narcissism in broad terms, narcissism also occurs on a continuum from 'normal' or 'healthy' at one end to 'pathological' at the other. It is important to recognise that narcissism per se is a normal phenomenon and a 'universal and healthy attribute of personality' (Cooper 1986, 115) which represents a 'healthy concern with the self and with self-esteem regulation' (Frosh 1991, 75). However, when taken to the extreme, narcissism can constitute a disorder that inhibits an individual's capacity to function normally or to form meaningful relationships.

## Virtue Ethics and Corporate Governance

Our discussion of virtue theory is based on the writings of Aristotle (and Alasdair MacIntyre to a lesser degree). Our focus is on the creation of a narcissistic organisational identity, stemming from the personalities of senior figures. Sison (2008) has developed a corporate governance model based on virtue theory, arguing that good governance requires governors of good character. His system is important in focusing on Aristotle's understanding of governance as '*praxis*' or action, as opposed to '*poiesis*' or production. An 'action' is good if it leads the actor to grow in virtue, while 'production' is simply good if it is efficient.

Before explaining further the implications this model has for narcissistic organisations, some important Aristotelian concepts need further explanation. Firstly, Aristotle provided an account of what it meant to have a successful life and a successful society (Flynn 2008). For Aristotle, a successful or happy life or '*eudaimonia*', is something everyone wants (Blackburn and McGhee 2007). By *eudaimonia*, Aristotle meant a life in which our human capabilities are put to their best use (Flynn 2008). This is a life lived *kat' areten*, that is, a life lived in accordance with virtue. Aristotle arrived at his notion of virtue in the following way: when we say something performs

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<sup>1</sup> The American Psychiatric Association (APA) also lists narcissism among its personality disorders. The APA's *Diagnostic & Statistical Manual IV* (DSM-IV) characterises a narcissistic individual as demonstrating several self-centred attitudes and behaviours including exaggerating achievements, demanding praise and admiration, a preoccupation with fantasies involving unlimited success, power, love and beauty, a feeling of superiority over others and of being more deserving based on that superiority, and being arrogant, haughty, patronising or contemptuous.

well we mean it is fulfilling its purpose and the act or performance is 'good'; if the purpose of the human being consists in the exercise of our cognitive capacities then virtue is nothing more than reason excellently used (Bragues 2006).

Neo-Aristotelians have unpacked these concepts further. Human nature contains a set of natural principles of practical reason, and when a person uses their practical reason (i.e. turns their mind to action), they open themselves to understand that in general good should be done and evil avoided, and that virtue is good (Rhonheimer 2008). In other words, human nature itself provides ethical goals (Annas 1993). This is the basis for Aristotle's conclusion that a virtuous life is indeed a good life.

One's character is a result of one's virtues. The virtues of character (moral virtues) such as courage and self-control arise through habit. They are dispositions engendered through practice but the practice of acquiring virtue always involves a rational choice. Flynn (2008) asserted that practical wisdom (prudence) is the virtue that guides reason in this choice and it grows as one develops in virtue.

Practical wisdom (prudence) ... is a bridge between the intellectual and moral virtues. It entails an appreciation of the difference between what is good and bad in order to live a worthwhile life, and necessitates virtue of character in the sense that it cannot function properly without correct habits. (2008, 364)

Many other approaches to corporate governance consider governance to be an activity belonging to the category of '*poiesis*' or production (Sison 2008). This possibly explains the emphasis placed on rules in many corporate governance regimes. It seems that globally the ideal goal of governance theory, is to create a foolproof instruction manual on the task of good governance (Sison 2008). However, according to virtue theory, the ideal governor would be a prudent one, exercising judgement rather than following rules. The excellence of '*praxis*' is prudence, which develops through the acquisition of all the virtues. Based on this model, the development of a moral organisational identity, as opposed to a narcissistic one, is more likely.

Virtue theory also holds that a person's character not only influences their actions but also their perception. The virtue of prudence or practical wisdom is the ability to know specifically what is good to do here and now and we develop prudence by acquiring virtue.

As Aristotle wrote:

The wise do not see things in the same way as those who look for personal advantage. The practically wise are those who understand what is truly worthwhile, truly important, and thereby truly advantageous in life: who know in short, that it is worthwhile to be virtuous. (Aristotle 1941, book 6, ch 13, 1144b31)

## Virtue and Organisational Identity

Organisations, like individuals, have identities. These identities can be moral or immoral just like those of individuals, can. We argue that an organisation has a *moral* identity when it is centrally oriented towards a collection of virtues that both define what one is and what one tends to do. Morality is a function of an entity's character

and ‘unless virtue is a central part of the organisation’s self-concept, ethical behaviour will never be considered an appropriate metric or standard to judge the outcome of decisions’ (MacIntyre 2007, 303).

In order to assess the development of the narcissistic organisation, let us consider how organisational identities form and the function they have. Whetten defined organisational identity as ‘the central and enduring attributes of an organization that distinguish it from other organizations’ (2006, 220). He referred to these as *organisational identity claims*. These legitimise an organisation’s uniqueness and its capacity to determine a competitive domain and function ideally within that domain. These claims take two forms. Functionally, they consist of organisational attributes that determine similarity and difference from all others (i.e. this is who we are). Invoked consistently in organisational discourse, these attributes refer to specific social categories (e.g. we are a university not a technical institution). This, in turn, signifies the boundaries of appropriate behaviour for a particular organisation. Structurally, organisational identity consists of attributes that configure activity in the organisation as shown in its programs, policies and procedures, and that reflect its most important values. These attributes, invoked in organisational discourse as decision guides and points of communication, provide a foundation for the organisation in all of its dealings (i.e. this is what we do; this is how we do it). When functional and structural attributes operate as irreversible commitments on some basis (i.e. they have passed the test of time; they have gained critical mass) they can ‘partially or completely eclipse the reference point that prevails more broadly external to the organization’ (Duchon and Drake 2008, 301). In other words, the identity of the organisation takes preference over reference points in other social groupings (e.g. family and society).

Organisations develop cultures that reinforce identity. A culture is ‘a set of important understandings that members of a community share in common’ (Sathe 1985, 6). These understandings are ‘largely tacit among members, are clearly relevant to particular groups, and are distinctive to the group’ (Louis 1985, 74). An organisation’s culture displays central and enduring elements that make up its identity. These include such things as ‘customs and traditions, historical accounts be they mythical or accurate, tacit understandings, habits, norms and expectations, common meanings associated with fixed objects and established rites, shared assumptions, and intersubjective meanings’ (Sergiovanni and Corbally 1984, viii). A culture embodies these elements and acts as a transferring mechanism of the organisation’s identity to new members as the correct way to perceive, think and feel (Schein 1992).

Individuals in organisations share a common social identification and organisational self-esteem is the collective self-esteem of the individuals acting as the organisation. Duchon and Drake (2008) contend that organisations, as social entities, ‘exist in their members’ common awareness of their membership, and so come to take on identities that are parts of their members’ identities, needs, and behaviours’ (302). Consequently, when individuals strive to protect or enhance a self-concept derived from a particular social entity, they collectively modify the self-esteem of that entity. Hence, the organisation can regulate self-esteem with ego-defensive behaviours. These, in turn, protect identity and enhance the legitimacy of the organisation. Unfortunately, if

organisations are motivated, like people, to ‘protect their collective identity and legitimacy, then like people, they too can sometimes engage in extreme narcissistic behaviour’ (303).

## Organisational Narcissism

As discussed earlier, the psychoanalytic literature generally views narcissistic behaviours as ego-defence mechanisms used to bolster an individual’s self-concept and protect their identity. Organisations, as collective entities of individuals, are similar. They also have needs for self-esteem that are regulated narcissistically (Brown 1997). This response is a coping mechanism intended to protect and preserve the organisation’s identity. Unfortunately, like individuals, organisational ego-defence mechanisms taken to the extreme can lead to dysfunction and/or ruin. Furthermore, in the effort to protect itself, an organisation may create structures that reinforce and extend an extreme narcissistic identity. The extreme narcissistic organisation ‘loses sight of the “reality” of its position in the marketplace and employs denial, self-aggrandisement, and a sense of entitlement to prop up its damaged sense of identity’ (Duchon and Burns 2008, 355). Such an entity seeks legitimacy at the expense of accountability. They pay scant attention to market responsibility, civic duty or ethical concerns (Ganesh 2003). Consequently, the extreme narcissistic organisation is recognisable by observable attributes and behaviours.

According to Brown (1997), such organisations deny facts about themselves using spokespeople, propaganda campaigns, annual reports and myths. They develop justifications for their actions through rationalisation. They self-aggrandise by making claims to their uniqueness, commissioning corporate histories and deploying their office layouts and architecture as signs of status, prestige and vanity. Narcissistic organisations, stated Brown, attribute failure of their decisions to external factors, while at the same time attributing positive results to the organisation itself. Annual reports, publicity campaigns and the manipulation of the media are among the variety of means utilised to achieve this purpose. Such organisations also assume an entitlement to continued successful existence and a consequent entitlement to exploit resources, people and other organisations to achieve this continued success. Finally, the narcissistic organisation suffers from social instability and alienation.

There are several real-life examples in the research literature that correspond with Brown’s (1997) criteria. Stein (2003), in his investigation of the near collapse of the highly prestigious hedge fund Long Term Capital Management (LTCM) in 1998, found that acute narcissism in this organisation mirrored Brown’s (1997) description. Stein contended that an exaggerated sense of pride and conception of power and knowledge led the directors of LTCM to take unnecessary and extreme risks in the financial markets. Secondly, the feelings of contempt that LTCM’s directors had for others in the market – and a desire to demonstrate their superiority by triumphing over them – led the directors to increase their risk substantially. Ketola (2006), analysing the psychological defences of a company dealing with an oil spill,

identified the ego-defence mechanisms used to protect organisational identity, even at the expense of its morality. When faced with accusations of misconduct, the organisation practised denial, repression, omnipotence and attributional sublimation to avoid having to deal with the facts of their own actions. When confronted with the reality of the spill, they used rationalisation to accept responsibility but devalued the harmful impact of the spill on others and the environment.

Acute narcissistic organisations' identity and culture are excessively self-centred and exploitative. Duchon and Drake contended that:

Their membership will obsessively employ a sense of entitlement, self-aggrandizement, denial and rationalizations to justify their behaviour and so protect the collective identity. Such organizations are not intentionally unethical – they are likely to have formal ethics programmes – but concerns about ethical, or even legal behavior will receive little more than lip service. (2008, 305)

Ethics programs in narcissistic organisations are a form of self-preservation: they are a way of telling the world 'everything is good here'. Furthermore, Roberts (2001) contended, such programs are window dressing; what is relevant is not whether the ethics program is in use but only that a narcissistic organisation appears to be implementing it. This leaves the operational interior free to carry out its usual practices.

The management–control nexus is often a source and perpetuator of organisational narcissism. Research has highlighted the strong relationship between leadership and an organisation's identity (Curry 2002; Voss et al. 2006; Walsh and Glynn 2008) and culture (Schein 1992; Taormina 2008; Toor and Ofori 2009). Leaders embody and enact identity through discourse and policy/procedure setting. Consequently, they become the focal point of decision making in the organisation. At the same time, their behaviours encourage the development of norms that encourage employees throughout the organisation to follow a particular set of actions.

If the organisational leadership is extremely narcissistic, then it is probable that identity and culture will mirror leadership, and individuals within the organisation will reflect narcissistic tendencies. Once these practices become institutionalised, it is probable that individuals will think of their organisation, and themselves, as moral and continue their narcissistic (and likely unethical) behaviour without guilt (Anand et al. 2005). To those on the outside, this seems perverse, but those who have internalised the organisation's culture see nothing wrong in what they are doing. To question what the organisation is doing is to threaten collective, and ultimately individual identities that operate within it. As Duchon and Drake (2008, 306) noted, 'extreme narcissistic organizations cannot behave properly because they do not have a moral identity'.

Duchon and Burns (2008) categorised Enron as having an extreme narcissistic identity. They quoted Kurt Eichenwald's book *Conspiracy of Fools*:

Crime was just one ingredient in a toxic stew of shocking incompetence, unjustified arrogance, compromised ethics, and an utter contempt for the market's judgement. Ultimately, it was Enron's tragedy to be filled with people smart enough to know how to manoeuvre around the rules, but not wise enough to understand why the rules had been written in the first place. (2008, 358)

Duchon and Burns contended people in Enron were unwise because they operated in an extremely narcissistic environment characterised by entitlement, self-aggrandisement and denial that anything was out of order. The management–control nexus at Enron believed they were entitled to success. This led them to skirt around the rules applicable to everyone else. For example, they created and used their own projections for income as opposed to market trading prices. They avoided conventional accounting practices whenever they wanted to. The leadership believed they were entitled to a healthy-looking balance sheet. Enron viewed itself as omnipotent, changing the world for the better in a godlike manner. The executives often spoke in messianic tones and viewed themselves as the best of the best, which in turn resulted in excessive exhibitionism throughout the company. Finally, when everything came to its inevitable conclusion in 2002, Enron and its executives went into denial mode. While this was morally questionable, what was worse was that Enron had been ignoring evidence of fraud and insider trading for years. Indeed, this had become standard practice in a company desperate to protect its identity.

The authors suggest that something comparable may have happened in some of the sixty finance companies which collapsed between the years 2006 and 2008 in New Zealand (albeit on a smaller scale). There appeared to be similar narcissistic defence mechanisms at work in several of these organisations. Many skipped around the rules when it suited because they believed they were entitled to success, a characteristic of narcissistic identity. Several of these companies were classic ‘self-aggrandisers’, exhibiting the belief that normal market rules simply ‘don’t apply to us’. Neglecting to prepare consolidated accounts, engaging in large numbers of inter-company transactions of an allegedly dubious nature and operating with an extremely high ratio of related party transactions (Cone 2004) were just some of the behaviors that occurred in this period. Several companies allegedly made untrue statements in their registered prospectuses concerning the overall financial position, solvency and liquidity (Marwick 2008). Furthermore, some companies continued to advertise themselves as being financially solid when subsequent collapses showed this clearly was not the case (see e.g. Gibson 2008). When it all started going pear-shaped these organizations shifted the blame to the state of the economy and the market.

## **Moral Organisational Identity and Leadership**

We contend that organisational narcissism, as demonstrated in the examples above, begins and ends with the management–control nexus and in particular the individual directors on the board. This is because leaders shape the moral identity of the organisation. Weaver (2006) included leader behaviour as a key determinant in the development of virtuous and vicious identities in organisations. This happens by members modelling leader behaviour (Bandura 1986; Brown et al. 2005; Weaver et al. 2005) and from the way organisational cultural norms undermining or promoting virtue are internalised (Treviño and Weaver 2003).

The wider leadership literature supports this causal link between leader behaviour and the moral identity of the organisation. Gini (2004) asserted that all leadership is

ideologically driven and it is about passing on values so that the ethics of the leaders determine the ethics of the organisation. Andreoli and Lefkowitz (2009) found that an ethical climate created by moral leadership was one of the most significant antecedents of ethical conduct. Others have emphasised the importance of consistency in communication and behaviour, in other words 'leaders needing to walk the talk', and the resulting benefits in terms of effective role modelling and perceived integrity (Gini 1997; Kouzes and Posner 1993; Oliverio 1989; Simons 1999).

Some authors have argued that leader role modelling is the most critical factor determining ethical culture (Dickson et al. 2001; Morgan 1993; Murphy and Enderle 1995; Nielsen 1989; Schein 1992; Sims and Brinkmann 2002). Jackall (1988) suggested that ethical behaviour in organisations is often reduced to adulating and imitating one's superiors. Lord and Brown (2001) claimed that leaders provide a 'natural source of values' for their employees while Bandura (1977), in discussions of socialisation and social learning theory, suggested that employees imitate the values stemming from their leaders. Hood (2003), who looked specifically at the relationship between the CEO's leadership style, values and the ethical practices of the organisation, found that leadership styles do influence ethical practices in the organisation. Brown et al. (2005) considered managers to be a key source of guidance for ethical behaviour.

Given this strong relationship between leadership and moral identity, we argue that if the management–control nexus exhibits narcissism then it is probable that the individuals and the organisation as a whole will reflect these narcissistic tendencies.

So, what does a narcissistic organisation look like? Duchon and Drake (2008) have argued that an organisation's identity operates as an analogy to an individual's personality and essentially determines its moral behaviour. They even went so far as to claim that an extreme narcissistic organisation cannot behave properly because it does not have a moral identity. This is because the organisation's identity does not contain a predisposition to act virtuously and so it is morally flawed.

Narcissistic organisations use ego-defence mechanisms to protect the integrity of their personality even at the expense of sacrificing the morality of their actions (Ketola 2006). They become self-obsessed and use a sense of entitlement, self-aggrandisement, denial and rationalisations to justify anything they do (Duchon and Drake 2008). In such organisations, individuals and groups may be responsible for making decisions but those decisions will tend to be consistent with the larger system's moral identity (Weaver 2006) and so unethical behaviour can emerge unintentionally. This may explain how in the above-mentioned companies individual decision-makers in senior positions appear not have questioned unethical behaviour.

## **Employing a Virtue Model for Leadership Appointments**

We argue that the BOD ultimately determines the moral identity of the organisation through its choice of the CEO and incoming directors. The BOD selects and appoints the CEO, who in turn selects their management team and together they set the tone of the organisation (Schwartz et al. 2005). While the law in New Zealand does not require a CEO and a management team (Institute of Directors 2008), the reality is

that a BOD simply cannot manage a company requiring day-to-day attention. A CEO and executive team under the direction and supervision of a BOD manage the organisation. Consequently, the CEO is the main portal through which a BOD exercises its direction and supervision; and in the main the CEO shapes and nourishes the organisation's identity. The selection of the CEO is therefore one of the most important decisions a BOD makes (IODNZ 2008).<sup>2</sup>

Section 131 of the *Companies Act* in New Zealand requires directors to act in 'good faith' and in what they believe to be the best interests of the company. While current business culture equates this with short-term monetary gain for a few (Pearlstein 2009), this culture could be changed. The board of any company has the power to minimise the likelihood of organisational narcissism occurring by appointing directors and CEOs of 'good' moral character, who also possess the desired attributes such as business ability and ambition to maximise profits. However, the perception of what makes a 'good' director or CEO is a reflection of the moral character of each director on the Board, and the same can be said of the CEO in their selection of the senior management team. "How do we know how a good CEO behaves"?

We contend that directors of 'good' character (in the virtue theory sense) would have a more holistic understanding of their responsibilities. Such a person will aim to achieve wealth in a virtuous way. They will not permit self-interest to take over: they will strive to be virtuous whether it benefits them or others (Annas 2006). They will work for the long-term survival of the company as a whole in a virtuous manner. They will judge a suitable candidate for director or CEO to be one who is committed to these goals. Furthermore, they will resist pressures to act in their own interests or sit back and let others pursue their self-interest or jeopardise the future of the company by excessive risk taking to bolster short-term results.

## Conclusion

We have argued in this chapter that the moral identity of an organisation is directly linked to the good character of individual directors on the board. Prudent directors will ensure moral governance and the virtuous characters of the leaders of any organisation are the main determinants of the identity of that organisation. The sitting directors have the responsibility of selecting the CEO and nominating suitable candidates for future directorships. Their judgement as to the nature of a good governor is crucial. Only a director of good character would recognise that an ideal CEO or director would be one who has a good character. The presence of such leaders would ensure the establishment and maintenance of a moral organisational identity.

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<sup>2</sup>In New Zealand, the existing directors effectively choose new directors. Shareholders are passive and cede significant authority to existing directors in relation to the selection of new directors. Consequently, the board itself determines the culture of the board.



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# Chapter 9

## YouTube as a Nascent Practice: A MacIntyrean Analysis of User-Generated Content

Helen Rusak and Stephen McKenzie

### Introduction

If the internet is a modern phenomenon, then YouTube is a major phenomenon within it. Since its inception in 2005, YouTube has been at the forefront of the development of UGC into one of the major forms of communication in the world today. The ability for users to upload their own videos (or copies of the videos of others) has not only made YouTube one of the world's most popular sites, but has spawned a host of imitators, as well as creating a climate where other social networking platforms like Facebook and MySpace have effectively been forced to allow users to uploads videos in order to remain competitive.

But despite YouTube's massive influence, very little research has been done about creative practices within it. YouTube and other platforms for UGC are so recent that research into the culture is still in a fledgling state. In particular, it is impossible at present to say accurately why some YouTube videos are successful, and how videos may be made in order to attract attention to ideas or commercial services online. It is clear that YouTube can offer a pathway to almost overnight viral success for some users – look at the phenomenal success of the song and remixes of 'Double Rainbow', for example. It can also offer an avenue for irregular businesses to tap into an increasingly important area of online viral marketing. But at this time there is almost no research-based information on creative practices within YouTube to guide creators, managers, and decision-makers (see Aufderheide and Jaszi 2008).

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For these reasons, our work theorises about the ethical and creative choices being made by those engaged in a particular aspect of UGC, ‘remix’ culture, to question what, if any, their ethical and creative standards are. For the purposes of this paper, ‘remix’ culture is defined as the act of taking the video or music of another person, altering it, and placing the altered version online as UGC. Technically, remixing is a much older cultural phenomenon than YouTube, stemming from the use of music ‘samples’ in new compositions, and from the technique of altering and editing old recordings to have a new and more modern sound.<sup>1</sup>

The advent of the internet in the 1990s allowed the widespread distribution of these new forms of creativity, leading to what has been variously dubbed ‘participatory culture,’ ‘re-write culture,’ ‘remix culture,’ and a range of other terms. The more recent advent of UGC sites is, in a technical sense, only a platform through which the older remix culture now operates; but in a cultural (and generational) sense, UGC has seen remix culture enter the mainstream. Younger people encountering the internet today are completely immersed in UGC culture from the outset, and find remix or participatory culture as standard practice, rather than as something new and innovative.

Debates about the effect of mass reproduction and distribution on creative culture are nothing new. Some current critiques of internet/UGC creative culture echo the concerns of Walter Benjamin in 1936: ‘The uniqueness of a work of art is inseparable from its being imbedded in the fabric of tradition’ (Benjamin 2007, IV) and ‘[T]he situations into which the product of mechanical reproduction can be brought may not touch the actual work of art, yet the quality of its presence is always depreciated’ (II). From here to the publication of Andrew Keen’s *The Cult of the Amateur* in 2007, the media may have changed, but some of the concerns are similar:

The monkeys take over. Say goodbye to today’s experts and cultural gatekeepers – our reporters, news anchor editors, music companies and Hollywood movie studios. In today’s cult of the amateur, the monkeys are running the show. With their infinite typewriters, they are authoring the future. And we may not like how it reads. (Keen 2007, p9).

Benjamin and Keen (and others in between) have feared the loss, through mass reproduction and the democratisation of cultural production, of the creative authenticity and integrity found in traditional artistic practices, particularly ones with established disciplines and modes of conduct. Mass production may remove the barriers to participation, but it may also bypass the systems of education and training in which artists learn to place their creations within genres, and to make compositions to suit particular places, times and moods. Compared to the original function of art as a physical focus for local ritual discussed by Benjamin, UGC ‘art’ is entirely impersonal, extemporal and ubiquitous. On YouTube, anything can be produced or reproduced by anyone, to anyone, at any time, regardless of talent or training.

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<sup>1</sup>The authors have completed another more detailed paper on the subject of Remix culture on YouTube, without the focus on virtue ethics. Our case study here is drawn from that paper. It has been submitted to the *Journal of Ethics and Information Technology* and we expect publication in 2013. Rusak, H., and McKenzie, S., ‘Call and Response in the Video Vortex: Beethoven’s “Ode to Joy” and the Culture of YouTube.’ *Journal of Ethics and Information Technology*, forthcoming (2013).

While this is clearly an artistic and cultural issue, it is not commonly discussed as an ethical one. This is primarily because most current discussions of ‘ethics’ in relation to the internet (and UGC specifically) focus on copyright and legal issues, or else they look at dangers to the consumer (such as identity theft and online harassment) under the general rubric of ‘internet ethics.’

We take a new approach to the ethics of YouTube and UGC. We draw on virtue theory, in particular, the concept of ‘practice’ found in Alasdair MacIntyre’s *After Virtue*. We will be looking at a range of data on YouTube (including some drawn from several small research studies we have undertaken), and asking if the current UGC environment has any of the features MacIntyre describes for these concepts.

This is an unusual pairing of ideas, largely because the internet (and UGC culture specifically) is an obvious locus of liberal individualism, a mindset which MacIntyre argues has established itself in opposition to virtuous traditions and the practices within them. From the MacIntyrean standpoint, a life lived according to liberal individualism is unlikely to be a virtuous one, and therefore UGC is an unlikely place to look for signs of virtuous practices in the MacIntyrean sense. We have presumed from the outset that making and posting YouTube remixes is not a practice in the sense that MacIntyre defines. However, we argue that it is instructive to work through implications of a lack of creative ethical standards in the UGC environment, and also, to ask what YouTube remix creativity would look like if it *were* a practice. The latter question gives grounds for some optimism; while we cannot yet see the ethical and creative standards of a true practice of making remixes and posting them on YouTube, we can at least point to factors that might lead to their eventual development and emergence.

## Background to UGC and Ethics

Our decision to examine UGC using a virtue ethics framework places us on the outskirts of a field where the natural tendency is for rule-based ethics to hold primacy, and therefore, for legal considerations to be among the major concerns. A great majority of the research on UGC has been focused on exploring the mercantile possibilities of the new internet environment set against the legal and financial barriers that might prevent such a field from flourishing (O’Brien and Fitzgerald 2006). For example, in 2007 a large international team undertook a wide-scale survey of the patterns of popularity for UGC on the internet, noting the following as their main motivation in seeking the data:

Understanding the popularity characteristics [of YouTube clips] is important because it can...greatly affect the strategies for marketing, target advertising, recommendation, and search engines. At the same time, a lack of editorial control in UGC is creating problems of content aliasing or copyright infringement, which seriously threatens the future viability of such systems (Cha et al. 2007).

Even when ethical factors are considered, it is normally in regard to protecting users as consumers. A 2006 survey of American ‘ethical’ concerns about mass media found that most Americans cited fraud, spam and security risks as their major ‘ethical’ concerns when it came to the internet (Cooper 2008). An earlier survey from 2000 found similarly that the top six ethical concerns of Americans in regard to the

internet were pornography and violence, protecting children, privacy, fraud, hacking and viruses and censorship (Greenberg Quinlan Rosner Research Survey 2000). Internet users perceive themselves to be in the fundamentally blameless role of internet consumer, with rights to adequate service delivery and protection from harm.

The fact that, in this age of UGC, many internet users are what Toffler once termed *prosumer* has not changed these basic perceptions of the location of ethical responsibility (Toffler 1972). In these surveys, fairness, honesty, and creative integrity simply didn't occur as ethical concerns in regard to the internet, because the average internet user still sees him or herself as an end user of a product or service, not a creator or participant.

Even more remote in the discourse is MacIntyre's concept of a creative tradition, a series of shared ideas about creative genres, and how to operate within them. Where MacIntyre has been used in regard to the internet, it has been on the issue of free speech. The US government's internet privacy regime has been shown to contain the three key elements of MacIntyre's critique of the Enlightenment conception of morality – the sovereign individual, the market, and the administrative bureaucracy (Kightlinger 2006). In another article on research ethics on the internet, Robert Alun Jones cites MacIntyre on the different usages for ethical words ('justice', 'good', and so on) and the importance of understanding the precise roles these play in different cultures and modes of social life (Alun Jones 1994). But as far as we know, there has not before been an examination, even a cursory one, of the role of the MacIntyrean concept of 'practice' in UGC.

For some commentators, there is no doubting that UGC culture is ethical because it is democratic, and that it would be unethical and undesirable to legally restrict the development of a new form of culture. For example, Lawrence Lessig has praised the internet's role in the development from a 'Read-Only' culture ('a culture more comfortable with simple consumption') to a superior 'Read-Write' culture in which people (young people in particular) add to the culture of the day 'by creating and re-creating the culture around them' (Lessig 2008, 28). For a large part of the twentieth century it appeared that the use of machines, particularly in the area of recorded music would marginalise the 'flat' and democratic amateur culture through the concentration of cultural production in the hands of experts with access to means of mass reproduction and distribution. But, as Lessig theorises, the advent of the internet has revived Read-Write culture, opening up new forms of 'writing.' Using the new forms of media, 'anyone can begin to "write", using images, or music, or video' (Lessig 2008, 69).

Cultural theorist Chris Anderson is also positive about the implications of YouTube and similar sites, arguing that the internet has created a long-term, open-ended marketplace, without the need for short-term marketing campaigns based on considerations such as timing, media saturation, shelf-space and local demographics (Anderson 2006). While primarily a consideration for marketers, the 'Long Tail' model (a sales pattern in which goods are sold over a much longer period) may also be applied to free, amateur output. As the cost of production goes down, more and more cultural niches are created, and the choice of product available to the consumer grows, leading to an ever-expanding range of styles and influences.

But not everyone sees participatory culture in such a positive light. A major contrary argument is that while the availability of the technology – coupled with the general sense that other people’s cultural production should now be free – does indeed lead to the democratisation of cultural production, it doesn’t necessarily lead to an increase in original or creative cultural production, or a better marketplace. As our case study below indicates, a great proportion of the content on YouTube is highly derivative and made in response to similar content, or to widespread internet memes. It is certainly true that the culture of YouTube encourages a Read-Write culture in which the consumer may become the producer. However, the situation is not so democratic when it comes to the actual choice of content to be performed. YouTube culture, we argue, encourages repetition, because so many individuals choose to render well-known subjects as a way of drawing attention to their own rendition. YouTube is a place where anything goes – but it is far more likely to succeed if it is something we already recognise.

To a large degree, the repetitive and derivative nature of much UGC has to do with the way that social credit is now generated. In regards to popularity, the general culture of YouTube credits ‘originality’ not to the person who actually wrote or recorded a tune or clip, but to the person who first thought of putting it on YouTube or who has had the most success with viral marketing. The culture has, as Richard Lanham notes, moved from being all about the ‘economics of stuff’ to being, at least in part, about the ‘economics of attention’ (Lanham 2006). Value is no longer just about making a piece of cultural production, but also very much about transmitting it in a way that attracts the most viewers.

If we view all repetition as unoriginality, and all use without attribution as theft and dishonesty, then UGC-dominant areas of the internet appear as an ethical vacuum, a place where the rapid emergence of technological possibilities have far outpaced the normal development of social norms about ethical behaviour, and where ethical constraints or standards for behaviour exist in only the very loosest sense.

However, our analysis within a MacIntyrean ethical framework yields a slightly different result; one in which we may at least view some of the behaviour in UGC sites as ‘learning’ behaviour, which may through processes of tradition, ultimately lead the development of standards of excellence in UGC creation, in the same way that they would in another type of practice. We turn now to look at a specific example of remix culture before introducing our MacIntyrean analysis.

## **An Example of Remix Culture**

Remix culture on YouTube is widespread and recognised in formal taxonomies of UGC clip types such as the one developed by Birgit Richard in 2008. We present our own (very simple) taxonomy here. Remixing culture comes in a number of basic forms:

1. a version using samples from an original piece of music with new sounds and beats



2. a clip using the original piece of music and providing different visuals to the one in the original clip
3. a 'shred' clip where a person 'plays along' to an original.

In a related genre, there are also cover versions and 'skillzclip' versions where YouTube users show themselves playing well-known pieces of music in order to demonstrate their own skill at performance. In some cases these are laid over the original.

Such remixes or renditions are normally made without permission, and while they add greatly to the exposure of a particular work, they also greatly complicate the task of tracking intellectual property, and of maintaining the artistic integrity of the work. They also blur boundaries between the copy and the original, the representative and the real. As writers such as Fiske (1989) and Jenkins (2006, 2007) have observed, the 'original' in the UGC environment is now perceived as *the cultural experience out of which new experiences can be made*. In the UGC environment, this can mean that the original is in fact nothing more than the clip upon which other versions happen to be modelled.

As an example of remix culture, we looked at current online UGC treatments of a well-known classical tune, Beethoven's *Ode to Joy* from the 9<sup>th</sup> Symphony. (We have chosen this tune precisely because it is in the public domain and so therefore issues of copyright are backgrounded, and we can look at the other ethical implications of remix culture as a practice.) We examined the popularity statistics of a selection of 36 clips of this tune in October 2009, and estimated this number to be about a quarter of the number of clips of the tune online at that time (see Appendix 1). We asked: what sort of meme could be behind the production of more than 200 clips of this tune?

The first main genre to note is the 'original' classical music performances of the tune. Of these, the clip (posted by the user LINDAJ0409) has an almost canonical status and appears to us to function as the 'original' classical *Ode to Joy* on YouTube, judging by the number of hits and referrals. But although clips like this have perceived status as being original classical music, they all have the same legal and ethical issues as the clips that are parodies or mutations of the original tune. For example, LINDAJ0409's version appears without any reference to the orchestra, conductor, date of performance, or the label that released the work. We cannot expect a new generation of listeners engaged in remixes and remakes to act ethically in regards to their source material, if the perceived original does not follow these principles either.

In the second genre a noteworthy clip is the rendition of the tune from an episode of the Muppet Show, in which the tune is performed *a capella* by the Muppet Beaker. The clip has been multi-tracked; that is, six different images of Beaker are shown singing and playing different parts to give the effect of a massed chorus. This clip is immensely popular and has many different video responses, making it an important locus for Muppet music videos and other multi-tracked clips. Several remixes of the 'Beaker version' also exist, making this tune the 'original' of that meme.

The third main genre is genuine remixes of the tune, with a variety of techno beats and synthesised sounds, of which there are a considerable number. One of

these (simply called the ‘9th Symphony remix’) appears to us to be the original remix as it was put online comparatively early, and there are several later versions that add their own visuals from Japanese Manga series, but use the music from the 9th Symphony remix. These are examples of an interesting sub-category, the remake of the remix, in which an early remixed version becomes the original.

‘Skillz’ and event clips form a fourth main genre. We have viewed numerous examples of the tune being performed by children or teenagers on instruments such as the keyboard and the accordion. These are designed to show the performance skill of the child, or in one case, a very small baby humming the tune. An extension of this genre is the school event clip where a group of students is shown performing the tune at a school concert.

A fifth genre is the ‘rock band’ performance of the tune. There are a great number of these linked up from the *Die Hard* rock version of *Ode to Joy*. This clip uses a rock version of the tune (which is not credited), together with scenes from the 1988 movie *Die Hard*. (An orchestral version of *Ode to Joy* was used in the original *Die Hard* movie so there is a clear cultural connection here.) This brings us to the final main genre, the clips with video images from movies and video games. Games (Wii, Super Mario Brothers) and movies (*Die Hard*) where *Ode to Joy* was already a feature were obvious targets for replication.

The data we collected on the most common referrers for each clip revealed that in most cases, renditions of *Ode to Joy* drew the majority of their traffic through the YouTube search term *Ode to Joy remix*. The second most likely source of traffic was from a referral from another remix of *Ode to Joy*. Only a small handful of the videos we looked at were responses to another version of the tune, or to any other piece by Beethoven. Instead, most of them were made as general responses to the meme, in the knowledge that their creation would add to an existing pool of versions of the tune, and that net traffic and attention would result from that simple fact that they were new versions of *Ode to Joy*.

Our simple case study demonstrates that when it comes to reaching new audiences on YouTube, tapping into a standard meme is an easy way to gain attention, but also, that such memes are relatively safe, standard places for budding UGC practitioners to develop their skills. Most users we looked at were not attempting to make a high quality rendition of the tune for commercial or viral purposes. They were working with a well-known piece of stock material so they could participate in a free creative culture. According to this analysis, a great deal of remixing occurs not because people wish to exploit the cultural creativity of others but because they want to practice or demonstrate the development of their skills to an audience of peers who are also engaged in the same activity.

Particularly for younger people, YouTube is so focused on the consumer as producer-in-the-making that users will gain interest in a particular creative work if they feel that they have free ownership to interpret and modify that work, thereby participating in the development of the meme and showcasing their own skills, as a performer, a remixer, or in some cases as a collector and archivist of original material. The derivative nature of this activity is not a by-product of YouTube culture; it is part of its essence.

## Practice in UGC Remix Culture

Here we turn to discuss one of MacIntyre's most celebrated and dissected notions, the 'practice'. To break the concept down (echoing O'Malley's earlier Chap. 2 in this volume), we find five smaller concepts within the larger one. A practice is:

1. a complex form of social activity
2. an activity with standards of excellence
3. an activity in which internal goods are realised through striving to attain those standards
4. an activity in which human powers to achieve excellence are developed and extended
5. an activity for which virtues are required in order for the internal goods to be obtained.

Looking for manifestations of practice and tradition in the culture of UGC, it is immediately apparent that YouTube is a complex form of social activity, but there are doubts about the other four parts of MacIntyre's 'practice' paradigm.

Before we begin, let us explore specifically the series of actions we are trying to define as a practice, or otherwise. We are asking whether the act of making a YouTube video – specifically, a remix of an existing piece of music or footage – and then posting it on YouTube, is a 'practice.' We argue that the two acts (making and posting) are part of the same process and that in most cases the work was done with the act of posting firmly in mind. The act of posting in itself contains creative decisions (choice of description, use of keywords, posting as a response to other clips) and so we argue that the making of the remix and the act of posting it within an existing meme are both part of the same process.

In answering the first of our five questions, we struggled to find any real evidence for standards of excellence on YouTube. The low quality of much material on YouTube is well known, and often lamented, or lampooned. In 2008 the parody news site *The Onion* made a fake news article in which they claimed the site had offered a cash prize of \$100,000 for users to make a video that was 'actually good', and offered suggestions ranging from 'film something of interest to people other than yourself' and 'don't film while drunk.' While these may not count as standards for excellence, they certainly point to a general awareness that excellence is lacking.

Other more serious information on standards for YouTube is in a very nascent phase. Searches on 'how to make good YouTube videos' and similar terms led us first to an array of technical information about how to use cameras and video editing equipment to make a semi-professional looking video on a low budget.<sup>2</sup> A second category of information, also very visible on search engines, discusses how to make a YouTube clip more popular.<sup>3</sup> Techniques commonly listed are:

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<sup>2</sup> See for example <http://www.videomaker.com/youtube/>, and <http://www.squidoo.com/youtuberight>

<sup>3</sup> See for example <http://www.wikihow.com/Make-Yourself-Famous-on-YouTube>, <http://www.webinknow.com/2007/08/8-tips-to-make-.html>

- Be distinctive and original. (One such site even suggests that if you have no talent, find someone with talent and make a video of them)
- Make it short – no more than 2 min
- Label everything clearly, so it will be found by the right searches
- Make a series of similar videos to build up a reputation associated with a particular meme
- Use viral marketing techniques to build your hit count (link to popular websites, comment on popular blogs, plug your work on forums, and so on).

MacIntyre’s third criterion for a practice is that internal goods will be realised through striving to achieve excellence. We might define the internal goods achieved from making a YouTube video as: having place in a community of practitioners; an understanding of modern internet audiences and their interests; an ability to recognise what is funny or interesting; an ability to remix music with images in a professional manner, and so on. In other words, the internal goods of YouTube might be an ability to make high-quality entertaining amateur videos for a community of fellow viewers, without being too concerned about financial success or widespread viewer popularity (both of which would clearly be examples of external goods in MacIntyre’s framework).

While the ability to make quality amateur videos is certainly something that is desired by many people, and is being discussed at a basic level on YouTube, these discussions are currently a long way from being about the ‘internal goods of excellence’ that MacIntyre describes. Quality is usually the first thing mentioned on the ‘how-to’ lists we examined, but we did not find much evidence that quality is seen as a worthy end goal in itself. Instead it is seen primarily as an aid to gaining popularity. Conventional wisdom on YouTube is that if a video isn’t either immediately funny or shocking, people won’t have any reason to pass it on virally. For videos that have been designed to sell a product or promote a service, this will mean failure to reach customers, but for strictly amateur videos with no marketing goal, it will simply mean a waste of the person’s time, or that the video will be labeled pointless. At this time, standards of excellence for YouTube are being largely driven by external goods – the economics of stuff, the economics of attention, or both.

The situation is more positive when we review the fourth part of the paradigm, *an activity in which human powers to achieve excellence are developed and extended*. Here, it must be noted how many of the remix examples we studied were made by younger users. The users who uploaded our remixes were most commonly in the 18–25 age bracket, and the second most common group was the younger 13–17 bracket. The trends were the same for the people who watched and enjoyed the videos. As we noted, many of the clips were of younger performers demonstrating their skill at playing the tune on an instrument or an electronic game, and some were shots of school concert footage. YouTube culture, from this analysis, is closely connected with teenage skill development and the desire to demonstrate it to peers.

We might argue by extension that making the videos is another skill being developed and demonstrated. Several users in our survey placed text descriptions for their videos indicating that these were ‘practice’ pieces and therefore not to be criticised too harshly. For example:

i made this in about 14 minutes including looking for music so plz don't give me to much of a hard time on rating. (From <http://youtube.com/watchv=BRM57EiNhzk>, accessed October 2009).

Some of the comments on such videos are harsh, but others indicated that they liked the budding work, that they were interested in getting hold of the original piece, or that they had also made a version of the same tune. We concluded, on a positive note, that if UGS can be a gateway to instant viral success (such as the Double Rainbow remix), or a pathway to more standard forms of commercial success, then it is important to have venues for young people to practice these skills in a public environment, and that this type of peer/community review is an important part of this process, even if the community is abstract and without identifiable boundaries.

The final and most problematic part of MacIntyre's structure is the idea that a practice is an activity *for which virtuous behavior is required* in order for the internal goods to be obtained. If this can be difficult thing to prove for established practices (like law or medicine), it is almost impossible to conceive for YouTube as it currently exists. Our review – albeit of a single meme – generated no sense at all that virtues such as courage, integrity or honesty are an integral part of the culture of remix on YouTube, and we could not see how they would be necessary prerequisites to obtaining the internal goods of excellence that we have identified. At this time, it would be entirely possible to participate in the online remix community and to learn the skills necessary to make a relatively successful commercial video clip without displaying any of these virtues. The virtue of honesty, in particular, is almost discouraged; so much successful material is taken without permission or misattributed that copyright breaches are taken for granted, and it may even appear naïve or weak to be honest about the original sources.

## Conclusion: UGC as a Developing Practice?

The history of a practice in our time is generally and characteristically embedded in and made intelligible in terms of the larger and longer history of the tradition through which the practice in its present form was conveyed to us; the history of each of our own lives is generally and characteristically embedded in and made intelligible in terms of the larger and longer histories of a number of traditions (MacIntyre 1985, 222).

We have asked at the beginning of this paper whether YouTube remixes (and by extension, other areas of User Generated Content) may be considered a practice in the MacIntyrean sense. Based on our five-step analysis, the answer is very clearly that UGC remix culture is not currently a practice. We weren't, however, in search

of a strict and categorical answer to our question, but sought instead to examine what sort of issues might arise by asking it. The new question we have developed is: could UGC ever become a practice? And, what would it look like if it were to become one?

MacIntyre does not speak of practices as situations occurring out of nothing. Each practice, he argues, is imbedded in a tradition, which is, at least in part, an argument about the most appropriate goods to strive for in life, and how to attain these by certain ways of living and behaving. This part of this schema is the least tangible (and the most often criticized for that very reason), but one point which does emerge from his discussion is very clear: 'within a tradition, the pursuit of goods extends through generations, sometimes through many generations' (222).

Given this point, we must take it that at some point, human activities which we currently perceive to be clear examples of practices (law, medicine, building, and so on) have been, *at some point*, in a nascent phase in which the activity was characterised by mediocrity, with all of its attendant ethical failings (charlatanism, corruption, exploitation, and so on). It is through the development of a long tradition, stretching over many generations, that standards of excellence based on successful practice are slowly developed, and methods that cannot be proven to work properly (for example, phrenology) get replaced by better techniques. And while mediocrity is always present, even within well-established traditions, it is fair to say that in all these practices, excellence has been identified and pursued.

To imagine what UGC might look like if it were a fully-fledged practice with its own tradition, we must return to our five step analysis. First, UGC must be a complex form of social activity, which is already the case. Secondly, it would need to have established standards of excellence, which might eventuate from having a range of successful videos for prosumers to look at as exemplar, and through the gradual raising of expectations as quality increases. 'Official standards' are probably a long way off, although awards for excellence by YouTube and by other media companies might go some way to establishing them. Interestingly, the official 'Best YouTube video' competition has only been run twice, in 2006 and 2007, and has not been run in recent years. It has been replaced by a programme in which non-profit organisations get cash prizes for the best video in their category.<sup>4</sup> (Other 'best YouTube video' programmes by other media companies such as the Open Web Awards have proved difficult to adjudicate and have ultimately relied on open voting as a means to judge quality.)

Thirdly, it would be an activity in which internal goods were realised. Here we must imagine that fledging video-makers were driven by the prospect of making videos of outstanding quality, irrespective of other external rewards. Such a situation might arise (or might already exist) in specific sub-areas of UGC (dance remixes,

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<sup>4</sup> <http://nofilmschool.com/2011/02/youtube-award-grants-nonprofits/>

animations for music videos) where prosumers strove to make high quality videos of a particular kind, for the simple pleasure in doing so, or to develop and extend their abilities so that they might become professional video-makers. This addresses the fourth art of the scheme; human powers to achieve excellence would be naturally and systematically extended in such a situation, particularly among younger practitioners who were serious about becoming successful viral marketers or video-makers.

Finally, to be a practice, UGC would need to be an activity in which virtues were required in order that internal goods be realised. This is the hardest part of the scheme to imagine, because it is the most unlike the current situation. But if criticisms of unoriginality continue to find their mark, and if original and well made videos become popular *because* they are original and well made, then, the attention value of posting a derivative or banal video will decline, and people will begin trying to develop genuine original content as a means to attract sufficient attention.

UGC has been a major part of the internet since YouTube went online in 2005 and there has only been 6 years for one generation of UGC prosumers to begin the process of developing standards of excellence. Most of these prosumers are young and their participation in UGC is connected to the development of their ICT skills overall. We might take some encouragement that in such a short space of time, there is already a realisation that standards are not as they could be, and there are the beginnings of an understanding about what constitutes good UGC, even if these are currently based on external rather than internal values. We suggest that in the initial phases of the development of a practice, it may be the desire for external goods that predominates, but as standards develop and consumer expectations are raised, it becomes necessary to focus on quality and originality, and then the striving for internal goods of excellence may begin.

## **Appendix 1: Three Dozen YouTube Clips of *Ode to Joy*, October 2009**

- Name: A handy short name for the clip in question
- URL: All YouTube URLs are “http://www.youtube.com/watch?v=” followed by an 11 letter code which we have provided
- Posted: The date the clip was posted. The earliest is 6.7.06, the date the ‘original’ 9th remix was posted
- Views: The number of times the clip had been viewed on the date it was logged
- Comments and Video Responses – lists the number of each in the form 12/0. Also gives an indication of what the main referrer is for the clip. If the search was ‘*Ode to Joy* remix’ it is simply called ‘search’, otherwise it is specified
- Notes: Other items of relevance and interest.

Accessed 1 Oct 2009 (8)

Name	URL	Posted	Views	Comments/Responses/Referrer	Notes
Muppet version	xpcUxwpOQ_A	15.7.08	6,513,925	11,247/42. A response to "Bach Bach Bach." Main referrer – viral.	Original remake from Muppet Show.
Muppet version remixed by Okabim	HjOlfvLYMCg	24.7.08	2,922	13/0. A response to 'Ode to Joy' (original version). Main referrer – search.	Remix of the muppet Remake.
Euro House version	fqdh-YyRs84	17.08.07	12,252	22/0. Main referrer – search.	Dance remix.
Silent Hill remix	X8qv0m1ofY	11.12.07	4,027	9/0. Main referrer – search.	The same dance remix with game scenes.
Webkinz remix	7TSjr7MYP7Q	17.2.08	272	2/0. Main referrer – search.	Small girl on cheap organ in bedroom. Skillzclip.
Steven Springs remix	k2-9yLPm19k	7.7.07	1,196	6/0. Main referrer – search.	School children (female) on electric piano. Event piece.
Mario Paint remix	-mgSOAWRXXrk	12.12.08	1,505	5/0. Main referrer – search.	Screenshots from Mario Music Composer game playing the tune
Fly Moon Struck	fbkodYKU0iU	19.7.09	437	2/0. Main referrer – search.	Small girl playing the accordion

Accessed October 7 (3)

Name	URL	Posted	Views	Comments/Responses/Referrer	Notes
Tox Remix	DTk_jfluyxQ	30.5.09	464	2/0. Main referrer – search.	
Trans-Siberian Orchestra	a0C3RnesCPQ	17.11.008	22,428	13/0. Main referrer – Beethoven requiem by same band.	
Seedlove 33	eaonizUYy6k	19.1.09	1,908	1/0. Main referrer – search.	Made for the game 'Second Life'



Accessed October 8 (7)

Name	URL	Posted	Views	Comments/Responses/Referrer	Notes
DJ Sauerkraut	o2P9YmZXPK	11.02.08	14,105	23/0 Main referrer – Trance Mix of ‘Fur Elise’	Strange trance mix with poorly synched drums.
Creekside Falcon		2.08.09	37	0/0. Main referrer – search.	Teenage boys on drum and keyboard. Fan/ego piece
Centreforce 1234	AyDbPc5pwUM	26.08.07	1,027	1/0. Main referrer – search.	Fan skillz piece with boy playing keyboard. Spelled ‘Beethoven.’
Tenth Doctor	JE_I7ngW6No	25.05.08	2,812	6/0. Main referrer – POTC mix.	Media remix with Dr Who scenes as though he were dancing to the music.
Evangelion 1	9ZKVxZiQSY	02.07.07	64,852	146/0. Main referrer – Ode to Joy Final Fantasy Style (Remix).	Use of orchestral music to go with scenes from Evangelion (Japanese Manga)
Christmas Techno remix	M2CLRfMx_dw	18.08.09	154	2/0. Main referrer – ‘Ode to Joy Techno’ search.	Simple techno remix with still photos of Christmas items.
Ode to Joyous Flight	T_VtgDFL3Eg	10.09.2009	1,042	7/0. Main referrer – viral.	Version with techno backing, plus Clips from the 2005 French movie, Les Chevaliers du Ciel

Accessed October 16 (2)

Name	URL	Posted	Views	Comments/Responses/Referrer	Notes
Original by LINDAJ0409	Wod-MudLNPA	1.05.07	1,281,439	2,240/6. Main referrer – ‘Ode to Joy’ search.	Original 3.40 version of tune with images of the composer. Hugely popular and central to the culture. Main
Bernstein	nZJI1Tgf4JL8		967,936	887/5. Main referrer – ‘Ode to Joy’ search.	A video response to Beethoven Symphony No.9 – Bernstein 1989 (part 1).

Accessed October 19 (16)

Name	URL	Posted	Views	Comments/Responses/Referrer	Notes
Andre Rieu	IMGKPajKs08	1.07.07	456,407	433/1/Main referrer – ‘Ode to Joy’ search	Version with concert footage.
Baby Jayden	Mdm22qrmI	24.2.09	384	4/0/Viral.	Fourteenth month old baby singing the tune. Popular with older women. Response to Rieu.
Techno Remix	NgqaQraoxAQ	20.0.08	41,902	47/1. Main referrer – Related video: Fur Elise remix	Techno remix by Vanessa Mae
9th Symphony	FFYsBRqpwLs	13.7.08	72,077	60/0. Main referrer – Related video: Fur Elise remix	Rieu version with Techno mixing
Techno Remix					
The 9th Remix	5Jl-NlZrXxg	6.7.06	11,131	8/0. Main referrer – ‘Remix Beethoven’ search	Music from previous item with Anime as visuals
Naruto remix	BRM57EiNhzk	30.4.07	23,170	43/0. Viral.	The same version again, with a different anime piece.
Dudrule 12	jx4hWfyTWVvk	22.12.08	244	0/1. Main referrer – search	
Wii remix	wOssxCPdL08	26.10.08	14,108	Related video – related video – Wii Music – Ode to Joy (Mii choral version.)	Animated piece from Wii game.
Mii choral version	443ZuM1b84k	27.10.08	26,588	57/0. Main referrer – ‘wii music’ search	Animated piece from Wii game.
Wii orchestra version	9EYt0Ck66g	1.11.08	11,605	33/0. Main referrer – Related video – Wii Music – Ode to Joy (Mii choral ver.)	Animated piece from Wii game.
Symphony Chorale	ODT6vQSiLYY	Not available	42,681	34/0/Main referrer – Not available.	Version by San Diego company.
School Honor Orchestra	8gDqXNc1hiA	17.12.06	10,206	2/0. Main referrer – related video – Beethoven’s Ninth Symphony – <i>Ode to Joy</i>	School event/skillz piece.
Piano Variation	Bqa4W1D4Xhl	31.7.07	21,203	42/0. Main referrer – ‘Ode to Joy piano’ search	Well known pianist playing variations.
Calypto Remix	hmZGrEqpsvU	25.4.09	103	0.0. Main referrer – ‘Ode to Joy’ remix search	Remix of Wii version with calypso instruments
Die Hard Rock version	KcObON20TFU	13.6.09	2,333	10/0. Main referrer – Viral.	Heavy metal version with clips from Die Hard movie
Nintendo DSI	mRln4FYyEJg	23.6.09	59	0/0. No data.	Someone playing the tune on Nintendo DSI.

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## Part III

# Case Studies

**Howard Harris, Gayathri Wijesinghe, and Stephen McKenzie**

In the final part, the theoretical ideas of MacIntyre discussed in Parts I and II of the book are applied to practical concerns of three different management contexts; hospitality, human resource management, and social sustainability reporting.

These three chapters take as their starting point the observation that in contemporary society, productive crafts are often driven solely by external goods of profit maximisation. However, these case studies point out that this need not always be the case. By practicing productive crafts in a virtuous manner, internal and external goods can be sustainably achieved for all stakeholders concerned. The studies provide theoretical ideas on how to achieve this delicate balance, by steering a medium path between excessive vice (i.e. being exploitative in profit maximisation) and deficit virtue.

Tracy Wilcox begins the part by exploring the extent to which MacIntyre's conception that 'structures of compartmentalisation' tend to make difficult the exercise of moral agency in certain constraining situations through a case study that involves human resources managers being pressured to make difficult decisions during a corporate downsizing exercise. Wilcox examines the extent to which social structures shape agency and social structures are shaped by agency in terms of actions taken by individuals. Literature in institutionalist sociology ('new institutional theory') is considered alongside MacIntyrean theory, to draw out similarities and difference between the two perspectives. The results of this theoretical discussion are then assessed for accuracy through an empirical investigation which involves an ethnographic study of a large global corporation undergoing intense organisational changes including several downsizing exercises. This case study demonstrates how a group of human resources managers negotiated the intense pressure of competing priorities and interests of the organisational context to find ways to exercise moral agency for virtuous conduct.

The nature of moral agency and structures of compartmentalisation referred to in Wilcox's discussion are continued in the next chapter. Wijesinghe introduces the provision of hospitality as a practice that used to be virtue-based with values of social sustainability underling moral agency, in the way MacIntyre has identified virtuous practices of historical times to have been before the advent of capitalism.

The chapter argues that since becoming a productive craft, provision of hospitality has lost most of its virtuous qualities that used to sustain the practice. From this point of view, the contemporary commercial hospitality industry is seen as an economic activity driven solely by the motive for profit maximisation. In this context, labour is commoditised and the success of employees' enactment of organizational roles is judged by external goods. However, it is shown that employees are no longer satisfied with the tipping of scales towards external goods. It is argued that compartmentalisation of work and personal roles are responsible for this negative state of affairs. To address this issue, Wijesinghe looks towards MacIntyre's conception that when a practice is pursued only for the sake of external goods, such as status, money or power, the practitioner will have much less inner satisfaction than if the practitioner were to pursue internal goods based on good action, and examines whether this is true to hospitality employees. As a result, the need for exercising of moral agency is identified whereby individual employees are motivated to take responsibility for collective good. The last part of this chapter discusses how a virtue-based pedagogy of hospitality practice can be cultivated through the study of a particular type of narrative construction – portrayals of lived experience accounts of hospitality practitioners. These types of narratives are shown to provide insight into the embeddings of moral agency in terms of, for example, specific issues that were faced and how particular decisions were reached.

Both Wijesinghe's and Wilcox's chapters demonstrate that economic gain is only one aspect that contributes to sustainability of organisations and that moral concerns that are applicable to social aspects also need to be considered (e.g. internal goods that come from good corporate citizenship). It is from this vantage point that McKenzie enters the discussion pursued in this part. McKenzie argues that in considering the sustainability of organisations, proponents of the Triple Bottom Line (TBL) model have mainly paid attention to economic and environmental dimensions, paying only lip service to the social dimension which has left a space to be filled. He proposes that virtue ethics would help fill this space left for considering the social dimension in the TBL model of sustainability, if a qualification is made to define social sustainability as a practice in MacIntyrean terms. A practical application of the TBL model operating in a virtue-based context is demonstrated through a case study: 2009 and 2010 sustainability reports by Toyota Australia, written in accordance with the guidelines of the Global Reporting Initiative.

# Chapter 10

## Embedded Moral Agency: A MacIntyrean Perspective on the HR Professional's Dilemma

Tracy Wilcox

### Introduction

A moral philosophy ... characteristically presupposes a sociology. (MacIntyre 2000, 23)

In this chapter I cast a spotlight on the 'presupposed sociology' – as MacIntyre put it – implicit in any moral philosophy. Specifically, I examine how social actors in a business organisation – where contextual factors may constrain particular practices – come to exercise moral agency in their organisational roles. I consider MacIntyre's (MacIntyre 1999) argument that in contemporary social life 'structures of compartmentalization' tend to prevent the exercise of moral agency, and examine whether this was the case for a group of human resource (HR) managers in a global corporation in the midst of a downsizing exercise.

I commence by laying out key features of a sociological understanding of 'embedded agency', with specific focus on the insights offered by institutional theory. From these underpinnings, and MacIntyre's own definitions, I develop a more nuanced conceptualisation of moral agency. I then apply this to the specifics of the modern business organisation, and consider how moral agency is seen to be constrained by what MacIntyre has termed 'structures of compartmentalization'.

I then move to a brief case study of HR management action and the attempts of a group of managers to find space for moral agency within constraining social contexts. The approach I used in this study allowed an exploration of the ways that organisational contexts are enacted in practice, and a deeper understanding of the processes through which these managers exercised moral agency.

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## The Embeddedness of Social Action: Sociology's Contribution

Contemporary organisational sociology, particularly the frameworks associated with so-called 'new institutional theory'<sup>1</sup> can cast new light on MacIntyre's ideas about moral agency. This branch of sociology is concerned with theorising how institutions such as the family, state, religions or capitalist markets can influence social action, and the ways in which cultures, values, meanings and routines associated with these and other institutions possess relatively enduring qualities (DiMaggio and Powell 1991). This research paradigm has grown in importance over the past two decades. Its usefulness lies in the foregrounding of the ways in which social structures shape, and are shaped by, the actions of individuals.

Through the lens of institutional theory, social institutions can be seen as having regulative, normative and cognitive elements (Scott 2001), with each socially constructed element shaping social behaviour in different ways. The regulative aspects of institutions include the formal and informal rules and laws that are consciously made and drawn upon. Normative systems – relating to shared values, norms and standards associated with specific roles and social positions – shape social behaviour through the construction of obligations, goals and purposes. The cognitive element of institutional structures pertains to taken-for-granted ways of understanding the world and framing a particular situation or context (DiMaggio 1997).

For example, institutions each possess what has been termed a central logic, essentially a 'set of material practices and symbolic constructions – which constitutes its organizing principles' (Friedland and Alford 1991, 248). Particular elements of social life become more or less comprehensible, acceptable or valued, depending on the institutional logics, norms and standards that are salient – although the role that institutions play in shaping behaviours is often not consciously recognised by individuals. For example, within universities, the logics of the market have in many cases become dominant, superseding the former dominant logics of public good in which the 'tradition of practice' flourished (see MacIntyre 2000). Institutional structures such as these are maintained, at least in part, because they are taken for granted and perceived to be right for the times (and hence possess cognitive and normative legitimacy respectively).

Institutionalist sociology provides a means of understanding the nature of both social structures and agency-in-context, and of addressing the perennial sociological question (one that lies at the heart of some of MacIntyre's arguments): to what extent do social structures shape agency and vice versa?

Answering this question becomes easier if we view society as an 'ensemble of positioned practices and networked interrelationships which individuals never create in their practical activity but always presuppose, and in so doing everywhere reproduce

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<sup>1</sup> Neo-institutional analyses of organisations build on, yet differ from, earlier institutionalist traditions in political economy and functionalist sociology as a means of 'provid[ing] fresh answers to old questions about how social choices are shaped, mediated and channeled by institutional arrangements' (DiMaggio and Powell 1991, 2).

or transform' (Bhaskar 1989). This view accounts for the enduring nature of institutional roles, norms and relational positions (including power relations). Social structures can be seen as embodying physical, symbolic or relational 'legacies of past actions' (Stones 2005), and these legacies can, in certain sets of circumstances, act in concert to create a sense that there is no alternative but to act in certain ways (Jessop 1990). For example, the working-class young 'lads' depicted in Paul Willis' famous ethnography (Willis 1980) made seemingly inexplicable life choices that confined them to a narrow range of jobs – their perception of alternatives was constrained by the logics, norms and roles associated with their class. Thus within the sociological framework described here human action and agency is seen as *embedded* in its institutional contexts, and hence cannot be reduced to simple 'rational' (or irrational) choice models.

If we accept the embeddedness of social action, we can tease out a more nuanced understanding of moral agency that combines both philosophical and sociological facets. From the sociological perspective considered above, agency is best seen as

a temporally embedded process of social engagement informed by the past (in its habitual aspect), but also oriented towards the future (as a capacity to imagine alternative possibilities) and toward the present (as a capacity to contextualise past habits and future projects within the contingencies of the moment). (Emirbayer and Mische 1998, 963)

This sociological conceptualisation of agency as temporally and contextually embedded fits well with MacIntyre's (2000) worldview and his emphasis on 'the narrative phenomenon of embedding' in *After Virtue* (e.g. pp. 221–3). MacIntyre has noted that practices – which involve agency in pursuit of internal goods – 'always have histories'. We could add that action in pursuit of external goods also has its 'histories', and it is through a recognition of the histories, or the institutional features that shape action, that we can better understand moral agency and virtuous (or vicious) practice.

In the case of *moral* agency, MacIntyre added a reflexive and critical dimension. In his 1999 address, MacIntyre argued that for moral agency to be possible, agents need a capacity for self-reflection and for the critical examination of established social orders (or institutions). This also needs to be coupled with a sense of accountability to others (MacIntyre 1999). MacIntyre argued that the nurturing of these capacities can only take place in particular social settings, 'milieus in which reflective critical questioning of standards hitherto taken for granted' is tolerated (p. 317). This is an important point to which I will return later. The sense of who one is as a human being also needs to remain solid in spite of pressures to 'be something else' in accordance with one's social role, implying the maintenance of MacIntyre's two core virtues: integrity and constancy of character (see also MacIntyre 2000).

According to MacIntyre, the 'peculiarly modern phenomenon of *compartmentalization*' (1999, 322, emphasis added) makes critical reflection, and hence moral agency, difficult. Compartmentalisation involves the insulation of distinct social structures so that 'each distinct sphere of social activity comes to have its own role structure governed by its own specific norms in relative independence of other such spheres' (p. 322). These institutional roles and norms, like the cognitive elements of



social institutions considered earlier, shape behaviour by ‘dictat[ing] which kinds of consideration are to be treated as relevant to decision-making and which are excluded’ (p. 322).

The extent to which compartmentalised social structures preclude moral agency in practice needs to be examined. An understanding of how embedded moral agency plays out involves the mapping of action, relationships and the evolving contexts in which they are situated, that is, a study of moral agency *in situ*. One could argue that the pervasive and increasingly dominant structures of contemporary global capitalism – the institutionalised norms, logics and standards of market institutions – provide a robust ‘test’ of whether compartmentalisation precludes moral agency. It is to this context we now turn.

### **Moral Agency *In Situ*: The Contemporary Business Organisation**

In modern business organisations, we find apposite examples of the workings of social structures and their capacity to shape particular types of social action. Within such organisations, the dominant logics and norms are increasingly likely to be those associated with capitalist institutions and neo-classical economic frameworks (McKenna and Tshuridu 2001). These social structures have the potential to direct the action of organisational actors, particularly managers, so that the pursuit of external goods such as material wealth, power, and other forms of individual and organisational competitive ‘success’ is given primacy (cf. MacIntyre 2000).

Role structures such as those of the business world embody norms, logics and values that can sideline considerations of internal goods. Thus we see the kind of behaviour described by MacIntyre where power company executives would never see a reduction in the overall consumption of power as a ‘serious policy alternative’ (1999, 322). Institutional theorists regard these roles and logics as deeply embedded in framing and naming processes, and potentially as ‘objective and external to individual actors’ (Scott 2001). Within the social sphere and role structures of business organisations, it is not difficult to find examples of such unrecognised shaping of behaviour and decisions, in the pursuit of short-term profits, quarterly returns and cost-cutting targets.

Virtuous management action is hence likely to be constrained when managers choose to derive their social identity from their membership of a ‘community’ whose *raison d’être* is the pursuit of the external goods of profit or self-interest (MacIntyre 2000, 221). If the community of business managers share this sense of common purpose, this could lead to the ‘weakening’ of what were once ‘noble’ traditions of management – traditions that marked the emergence of management as a profession in the first part of the twentieth century (Khurana et al. 2005).

A consequence of the compartmentalisation of social spheres, MacIntyre argued, is the closing off of access to spaces or milieus necessary for stepping back and critically evaluating predominant logics, norms and standards. What this means is

that individuals may fail to understand ‘themselves as having a substantive identity independent of their roles’ (1999, 324), giving rise to what MacIntyre has called the ‘divided self’, lacking the virtues of integrity and constancy necessary for the exercise of moral agency (see also MacIntyre 2000). Such a divided self would not be difficult to imagine in the world of global capitalism.

Robert Jackall, for example, was pessimistic about the potential for moral agency in business organisations, suggesting a type of compartmentalisation whereby ‘bureaucratic work causes people to bracket, while at work, the moralities they might hold outside the workplace or that they might adhere to privately and to follow instead the prevailing morality of their particular moral situation’ (1988). For Jackall, the nature of management work in bureaucratic business corporations means that there is an inevitable moral relativism, subordinate to the values and standards of the corporate workplace.

It is the sense of *inevitability* implicit in Jackall’s descriptions of these social orders that I want to challenge at this point. In other words, *must moral agency always be impaired within contemporary business organisations?*

In this chapter I argue that *even in constraining social contexts* it is possible for managers to find space for moral agency and virtuous practice. The maintenance of social structures, as well as the capacity to change them, depends in part on the meanings attributed to those structures by social actors, in this case managers. This means that agents may reflect on, and seek to transform, the institutions that form part of their context. In business organisations, actors can engage with – and at some level accept – emergent structural elements and, in so doing, reproduce them, giving institutions their ‘durable’ quality (Scott 2001, 49). Here I argue that this reproduction is not the only possibility; social structures can also be critically examined and modified by agents. In order to examine how such ‘deinstitutionalisation’ may occur in practice, I now turn to an empirical example – that of HR managers working in the headquarters of a large global corporation.

## **The Case Study: Human Resource Managers in a Global Corporation**

HR professionals occupy a unique place in business organisations. Traditionally the HR function has been seen as a place for people-related concerns, with HR managers having a responsibility, at least at one level, for the wellbeing of employees. In many organisations, the HR function can provide a space, often the sole space, where the rights and interests of employees might be represented (Wiley 1998).

In most organisations, HR managers negotiate the logics of at least three different institutional orders: capitalism, professional practice and the state (including state interpretations of the employment relationship). Each of these logics act as competing sets of ‘organising principles’, becoming structural elements of most HR managers’ workplace context. In addition, the stewardship responsibilities implicit in ‘professional’ HR management can contradict the logics and values of global capitalism – of

‘accumulation and the commodification of human activity’ (Friedland and Alford 1991, 248). In many organisations HR management has been reframed as a business imperative, legitimating assumptions and practices that reinforce the human contribution as essentially instrumental to ‘success’ defined in strictly economic terms (Wilcox and Lowry 2000).

The study of HR managers *in situ* is hence particularly useful in providing insight into the exercise of moral agency in business settings. In the study presented here I consider how a group of HR managers negotiated their organisational context in order to find space to exercise moral agency. This case forms part of a larger research undertaking involving ethnographic fieldwork in the corporate HR department of a large global corporation (Wilcox 2009).

This corporation was an Australian-based, internationally renowned organisation, one of Australia’s largest corporations and one of the top ten in its industry in terms of revenues and workforce. The corporate HR department was the ‘central’ HR department in the firm, with local operational HR departments situated in each of the firm’s business units. Most of the research took place at the firm’s corporate head office, with empirical material collected from interviews, participant observation and archival research over a 14-month period. Immersion in the social world of the HR department enabled participation in the managers’ daily routines, and the development of ongoing relationships. This provided insights into the actions and meaning making of the managers. A total of 80 days were spent in the field undertaking data collection.

### *Case Study Findings*

The period of research was a tumultuous one for the firm at the centre of this study. Over the research period the firm experienced major changes in its industry: including the collapse of their main local competitor, severe decline in some markets as a result of well-founded security concerns, and changes in regulatory regimes. Importantly for the HR managers, the well-regarded and long-serving CEO announced his retirement within the first weeks of the study. The outgoing CEO had long been a champion of people-centred logics and practices; in fact ‘people – priority one’ had become a catchphrase of his and was seen displayed at various sites across the organisation. The context for HR management practice had long been one that supported and enabled the valuing of employees as people first and foremost. This context was to change dramatically over the course of the study.

As the CEO succession took shape, the meaning and significance of this event became increasingly apparent to the corporate HR managers. The first action taken by the new CEO was to announce a major restructure of the firm and the laying-off of 10 % of the firm’s employees. This was to be the first of two downsizing exercises over the 14-month research period, accompanied by other strategies aimed at reducing labour costs. The new CEO constantly employed a rhetoric of financial dire straits and over-expensive labour; this was in spite of the fact that, relative to competitors,

the company was performing extremely well financially and showed record profits during the year. Efficiency and productivity had also dramatically improved in the period leading up to the appointment of the new CEO.

The aggressive approach to cost cutting of the new CEO was not unusual. Within the structures of contemporary Anglo-American capitalism, large-scale downsizing is often seen as a legitimate 'proactive' strategic choice for successful firms (rather than a forced response to organisational decline, or to a downturn in the economy: (Cameron et al. 1993)). Actions such as downsizing are also 'encouraged' by contemporary financial reporting models that focus on short-term financial gains and shareholder value (Barsky et al. 1999). In the firm featured here, the share price was announced to all employees every week in broadcast emails from the CEO, and used as justification for the labour cost-cutting strategies.

The HR managers at the centre of this study recognised the implications of these emergent market logics early in the new CEO's tenure. At this stage a core group of the five most senior corporate HR managers met to consider the implications of the changed leadership and the CEO's interpretations of the 'business environment'. Over the course of the next 12 months these managers met several times each week to engage in frank discussions about the changed direction and priorities of the firm, and its implications for people management practice. It was during these meetings that the HR managers deliberated on the impact of their contextual changes, and on the devaluing of people-centred management practices. As one manager remarked early in the study, 'The company landscape now is murder. It's a scorched earth' (HRM2, February).

The corporate HR managers also initiated formal monthly meetings of all senior HR managers across the corporation's seven business units. These meetings generally lasted half a day and covered both strategic and operational issues of concern to the HR managers. At these meetings the managers discussed the firm's plans for takeovers, labour cost cutting and downsizing, sharing concerns and considering options. This formal consultation structure functioned as a forum for assessing the actions and decisions of the new CEO and other senior executives. These meetings were augmented by ad hoc discussions between the corporate HR managers and their business unit counterparts. Both the informal and formal meetings seen here provided the HR managers at the centre of this study with a sounding board and decision-making arena for responding to the rapidly changing context in which they were situated.

One of the first responses of the corporate HR managers to the initial restructure and downsizing was to try to minimise the effects of the CEO's planned redundancies. Working with HR managers in the firm's business units, the department head was able to manipulate the tally of retrenched staff ('fiddle the books', as one HR manager put it) by re-presenting company 'staffing profiles' so that total staff numbers appeared lower than initially thought. This had the effect of limiting the overall number of staff actually retrenched. This was not an easy task; in late February the CEO had spoken of an incentive scheme based on the number of employees retrenched.

The second strategy undertaken by the HR managers was to try to alleviate the harm caused by the layoffs. Over the course of the first few months, the HR managers took every opportunity to influence the thinking of senior managers. Formal and informal documents aimed at senior executives made explicit reference to prevailing norms of the HR profession. The HR managers attempted to influence management practices, to incorporate 'people' considerations into accountability structures for all managers, and to introduce what they saw as 'professional' values and 'strategic' thinking to senior executive agendas. In another presentation to senior managers they drew attention to the 'immediate and negative impact on staff morale and productivity' of the first downsizing exercise. They discussed how best to frame people-centred approaches: 'maybe we need to pitch it as "Save yourself having to get rid of people to cut costs"', as a corporate HR manager declared at one of their meetings (HRM1, May).

In addition to these direct approaches, the corporate HR managers worked to ensure that humane policies and practices were followed if layoffs had to proceed. These managers spent a great deal of time with line managers in the various business units, overseeing the redundancy processes and ensuring that pay entitlements were accounted and distributed, employees were redeployed where possible, and retrenched staff had access to outplacement counselling. In one policy document, the process described included:

communicating clearly and honestly to staff in advance of the redundancies ... provid[ing] assistance to employees being made redundant (career assistance, financial planning and resume writing assistance) ... reassur[ing] current employees of their value to the company by continuing to invest in career development and training initiatives. (corporate HR report, March)

In this way the HR managers were able to exercise some limited influence on the redundancy process. As one manager explained, the responses of the HR managers provided an opportunity for them to 'do something positive' and alleviate the 'survivor syndrome' they felt was prevalent amongst employees following the layoffs (HRM3, February). This concern for staff welfare had a moral quality in keeping with more traditional HR management professional values and norms.

During the research period the managers became aware that the new CEO and his executive committee had sidestepped the conventional executive remuneration process, in which the corporate HR unit would typically be involved, awarding themselves a 35% bonus shortly after the first downsizing. On hearing of this, one of the HR managers confronted a senior executive who sat on the executive committee. He later related how he told this executive 'that this was *just wrong*', going on to say that 'I think I overdid it. I'm sure I've just ruined my career and reputation. But somebody had to say it' (HRM2, late March). This knowledge was later used by another HR manager in negotiating with senior executives for a change to local management practices.

As the year progressed, the managers became more forthright in their assessments, with one manager exclaiming; '[The CEO] is not capable. He's a bloody cowboy. Forget about vision; forget about anything like that. It's pull out all stops for the profit announcement' (HRM2, July). Later, one of the HR managers declared to another, 'we'll never get anything to stick until senior management, no, very senior

management – the CEO – actually cares about people’ (HRM2, November). This was a state the HR managers agreed was unlikely to eventuate.

The emotional reactions of the managers to the changing context were noteworthy, with signs of stress and despondency becoming more prevalent over the course of the year. One HR manager thought the department had been reduced to ‘mopping up the blood’ resulting from the CEO’s downsizing strategies. Another, after struggling with the implications of the first downsizing exercise and the department’s ‘role in times of hardship’, admitted to a ‘values crisis’ (HRM4, March 2001). Another proclaimed, ‘I’m feeling worn out and emotionally bankrupt’ (HRM1, July). These managers understood professional norms as applying to them, and hence their sense of professionalism created tensions and challenges as they tried to overcome pressures to compartmentalise their roles. These tensions were manifest powerfully in the whistleblowing example seen earlier, when the HR manager spoke out in spite of ‘ruining’ his reputation in the firm.

The examples shown in this case study provide insight into the ways in which the managers critically evaluated and responded to their context throughout the research period. Through their meetings with each other and with their business unit colleagues, these managers were able to remind themselves of their professional responsibilities and the associated norms and logics that encouraged the ‘valuing’ of employees as people, rather than ‘costs’. Thus they were able to find space to reflect on and respond to the context in which they were situated. The managers were able to draw on various institutional elements to create an alternative to cost cutting, downsizing and the ‘commodification of human activity’ associated with the market logic embraced by the incoming CEO and other senior executives in the firm.

## *Discussion*

In this brief case study we can see that the dominant market-based logic of the firm and its associated values had clearly changed over the course of the research. The emergent role structures associated with the organisational context did constrain the actions of the corporate HR managers so that, for example, the managers initially felt they were reduced to ‘mopping up the blood’ resulting from the CEO’s downsizing strategies. However, the structures here did not *completely* constrain these actors, nor did it prevent them from exercising moral agency. The managers were able to demonstrate integrity and constancy through their actions in confronting senior executives, manipulating redundancy figures, and ensuring the redundancy process minimised harm to individual employees.

The HR managers were able to take steps to mitigate the effects of downsizing and cost-cutting strategies by drawing on an alternative set of logics and values associated with professional practice and a sense of stewardship. The relation of, in this case, the HR managers to the social structures they encountered was ‘less one of passive embeddedness, and more a matter of active engagement’ (Whittington 1992). Through this engagement space for agency was found. As Whittington noted,

‘managers ... as full members of society, operate in a diversity of systems, and are therefore able to draw upon and respond to a multiplicity of rules and resources’ (1992, 705). In this case, the rules and resources included the sense of professionalism that informed the managers’ practices and spurred them on to virtuous behaviour.

Thus it can be seen that, while social structures can have the effect of proscribing or prescribing behaviour, this should not imply that social structures *determine* action. Social and organisational action does not simply comprise ‘actors perform[ing] within the confines of a tight immutable script’ (Mangham 1986); and social actors are not ‘cultural dopes’ blindly accepting or trapped in their social roles and identities (Rao 1994). Rather, we can assume that social actors are able to reflect on and work with institutionally-defined roles, standards and logics (Lawrence and Suddaby 2006).

This type of reflection and action ‘requires culturally-defined forms of competence and knowledge as well as the creativity to adapt to conditions that are both demanding and dynamic’ (Lawrence and Suddaby 2006). The HR managers in this case became aware of and reflected on the structural-institutional elements of their context and the resultant limits to their agency. Importantly, the managers also understood alternative, ‘professional’ norms as applying to them, and hence their sense of professionalism also informed their action. They were able to tap into alternative people-centred logics and values shared by colleagues.

The HR managers’ capacity to reflect critically on their context and its constraints relied on their regular conversations with each other and with HR colleagues elsewhere in the firm. These interactions constituted precisely the kinds of milieus that MacIntyre argued are essential for moral agency. MacIntyre has contended that the ability of actors to transcend the narrow confines of compartmentalised roles depends on their habitual questioning of institutionalised social orders. Central to moral agency is a capacity to ‘stand back from and consider [one’s] engagement with the established role structures’ (1999, 317). We have seen here that within compartmentalized structures such as these reflective space is difficult – but not impossible – to find.

Furthermore, the emotional reactions of the HR managers described earlier could be seen as indicative of the inner conflict relating to the challenge to their professional identity and their notion of what HR professionals should do, and their reaction against pressures to compartmentalise their personal and professional roles from their role as ‘business partners’. This inner tension is to be expected; as MacIntyre has observed, being a moral agent entails ‘living or acting ... in a state of tension or even conflict between socially embodied points of view or modes of practice’ (Macintyre 1999). The managers in this study recognised this tension but it did not prevent their attempts to act in a virtuous manner.

## Conclusion

There is no doubt that the compartmentalisation of roles endemic in contemporary business life makes critical reflection difficult; the complexity and pace means that organisational actors come to rely on scripted behaviours, many of which preclude

a recognition of the moral dimension of organisational decisions (Butterfield et al. 2000; Gioia 1992). However within this arena, as we have seen, there remains space for agency in general and moral agency in particular.

MacIntyre has argued that ‘we have not yet fully understood the claims of any moral philosophy until we have spelled out what its social embodiment would be’ (MacIntyre 2000). It has been my aim in this chapter to spell out, at least partially, an *in situ* examination of such social embodiment.

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# Chapter 11

## Can Hospitality Workers Engage in Virtuous Practice in a Commercial Context? A Study of Virtue Ethics and Virtues of Commerce

Gayathri Wijesinghe

### Introduction

In this chapter I discuss whether workers who earn their living in a commercial context of hospitality are able to practice the virtues that Aristotle, Alasdair MacIntyre (and Adam Smith) have advocated. I do this by exploring the relationship between commerce and virtue, and how it applies to the commercial hospitality practice. I conclude with an example showing how a narrative portrayal of real-life hospitality work can be an engaging pedagogical tool. The main question that drives my study is: Can hospitality workers engage in virtuous practice in a commercial context?

I commence this study with an extensive discussion of the temporal and spatial contexts of hospitality, as this is important for the ensuing discussion on the virtues of hospitality.

My discussion then turns to outline the continuing debate in the hospitality literature that ‘capitalism has been the cannibalism of hospitality’, which can be set out as follows:

virtue has eroded in the practice of hospitality and been replaced with profit maximizing commercialism; the consequence of commercialization is the degradation of the virtue culture within contemporary hospitality practice through the commoditization of workers’ labor within it

I argue that this is a misconception, and point out that this debate is not just confined to hospitality but to other organisational practices/contexts, and that there is a body of literature that makes a convincing case for commerce and virtue to co-exist and enrich one another.

I argue that one of the reasons for this so called ‘erosion/degradation’ is the way in which commercial hospitality has been perceived and compared. Scholars often

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unjustly compare commercial hospitality with private domestic hospitality; they have argued that commercial hospitality lacks authenticity unless it can measure up to the virtues of private-domestic hospitality. I argue that the virtues applicable to commercial hospitality are different from private domestic hospitality, and the two domains of hospitality should be judged separately.

Drawing on Macintyre's conception of 'productive' craft and external and internal goods, I explain how businesses themselves can largely remain structures, while the people involved with them manifest specific moral traits related to business practice. I draw on Adam Smith to elaborate the role of virtue in commercial society, and to argue that workers who engage in commercial hospitality have the capacity to be morally virtuous.

I draw on this notion of 'virtues of commerce' to examine whether or not there is any difference between hospitality and other commercial services and how the virtues would apply to commercial hospitality. In applying the virtues, workers are able to live a life in harmony with their own inner values and self-interest, as well as with forces of the external environment. This harmony applies also to one's chosen practice trade whatever that may be.

I conclude by suggesting that portrayals of lived experience provide a suitable learning-teaching tool for hospitality employees to learn the virtues, and provide an example illustrating how situation specific narratives could be crafted using real-life scenarios faced by employees, and discuss its uses.

## Background to the Study

'The problem of hospitality is co-existence with the development of Western Civilization, occupying an essential place in virtually every religion and defining the most elementary of social relations: reciprocity, exogamy, potlatch, "brotherly love", nationhood' (McNulty 2006, vii). Where once, hospitality was relegated to the decrees of the gods and hosts were forbidden to profit, today, hospitality is reduced to the 'so-called hospitality industry (tourism) and a social and political discourse of parasitism, in which the stranger is construed as a hostile invader of the host nation or group' (McNulty 2006, viii). Has this exchange of divine order for economic exchange improved hospitality or has it, as McNulty insists, replaced authentic human interactions with 'the irrational side of our relation to the stranger—fear, anxiety, and hatred—[which] seems to grow ever more virulent' (McNulty 2006, viii).

Aside from the concerns that stem from its historical roots, another recurring and continuing debate in the literature is the argument that morally virtuous private domestic-based hospitality gave way to amoral commercial, publicly provided 'institutional' hospitality (Brotherton 2007, 43). This comes from the premise that virtue used to be an important, even sacred, part of traditional hospitality. The commercialisation of hospitality practice, a process taking many hundreds of years, has seen the progressive erosion of the culture of virtue within traditional hospitality, and its replacement with a business culture in which external outcomes are prioritized

over the internal goods developed through a special relationship between guest and host. Consideration of this question requires the examination of hospitality as a form of exchange which operates within three separate, but sometimes intersecting domains – private, social and commercial (Lashley 2000, 4).

### ***The Notion That Commercial Hospitality Is ‘Erosion/Degradation’***

In the hospitality literature there has been an extensive debate on the virtues of commercial hospitality. Scholars advocating a social science approach to hospitality voice the need to understand the nature of the hospitality industry as a social exchange rather than an economic exchange (for example see Telfer 2000; Selwyn 2000; Lynch and MacWhannell 2000; Lashley and Morrison 2000; Lashley et al. 2007; Lashley 2000; Brotherton and Wood 2000). In one of the seminal texts of hospitality titled *In search of hospitality* the editors suggest that in order to understand the complexities involved in a human phenomenon such as hospitality which operates in multiple domains, the economic perspective has not been particularly enlightening:

reflecting insights into the study of hospitality that encompass the commercial provision of hospitality and the hospitality industry, yet at the same time recognize that hospitality needs to be explored in a private domestic setting and studies hospitality as a social phenomenon involving relationships between people. (Lashley and Morrison 2000, xvi)

(There are echoes here of McCloskey’s argument (2006) against ‘prudence alone’ as the commercial virtue.) *In search of hospitality* was a catalyst for a heated debate (for the chain of arguments see Slattery 2002; Brotherton and Wood 2000, 1999; Brotherton 2002, 2003; Slattery 2003) led by Paul Slattery, who argued that this private-social-commercial three-domain perspective that applies a social science approach to hospitality impedes the understanding of the hospitality industry, as it ignores the context for understanding hospitality business, and ‘degrade[s] the hospitality industry’ (Slattery 2002, 19), by stating that it does not stand up to the excellence of private-domestic hospitality. He (2002, 23–27) suggests an economic based approach that incorporates three contexts – the industry context, the corporate context and the venue context. In the narrative portrayal suggested towards the end of this chapter as a teaching-learning tool, I suggest a similar contextualised approach to the study of the experience of workers’ in the hospitality industry to understand the nuances of their experience and situation.

### **What Is the Nature of Hospitality Practice?**

The practice of hospitality can be traced back to early civilization well before the advent of the commercial hospitality industry. In Greek mythology, the god Zeus was called Xenias, Protector of Hospitality (Visser 1991, 93). There are many

cautionary tales where the unknown stranger happens to be a god in disguise or a representative of a god, testing the generosity of the host. The belief that turning away from a stranger who may need one's hospitality can have detrimental impacts on one's self is still prevalent in some cultures.

### *The Context of Historical Domestic Hospitality*

Domestic hospitality in an historical context was governed by three main criteria:

- safety – refraining from harming one another through mutual trust
- reciprocity – exchange relationship governed by what is deemed to be 'fair'
- duties for both sides – codes of self-moderating behaviour towards each other.

The importance of domestic hospitality in Roman times can be seen from its treatment by Livy in his history of the Roman people. The interplay of safety, reciprocity and duty is described by Bolchazy (1977 as cited in Saller 1979, 465–466). Based on Livy's work he suggests that over time Rome, like its counterparts, moved through seven stages of hospitality towards strangers. These were (1) avoidance or mistreatment of strangers; (2) ritual apotropaic hospitality (ritual disenchantment of strangers' magical powers); (3) media category of hospitality (kindness to ensure the friendly use of the strangers' magical powers); (4) theoxenic hospitality (kindness to strangers who could be gods in disguise); (5) kindness in accordance with divine law; (6) contractual hospitality; and (7) altruistic hospitality to anyone in need. Although Bolchazy's work has been criticised by Saller (1979), there is ample evidence to suggest that Livy explicitly considered hospitality to be of primary importance in his history, and that Romans gradually developed altruistic motives for the humane treatment of strangers (seventh stage), these stages nevertheless highlight some of the characteristics that underlined hospitality at the time.

While the necessity to provide hospitality to strangers at one's home has gradually diminished with the development of the commercial hospitality industry, the need to provide hospitality to 'strangers' has continued into the commercial hospitality sphere; in fact, the concept of the transformation and incorporation of strangers continues to be part of the contemporary hospitality industry. That is, in hospitality and other service work, the interactions are essentially with strangers – people with whom one has no prior acquaintance, whose ways are not known to us and who are unfamiliar with the practice and environment that they find themselves in. In contemporary hospitality and service work, as in ancient hospitality provision, there is a departure from how one would normally behave towards strangers – one is expected to welcome the stranger inside and have cordial relations with these strangers.

Visser argues that the generous provision of hospitality by a host and the receiving of that generosity by the guest/stranger is a symbol of a sharing of trust (1991). Doud sees the provision of hospitality as an act of grace. He states that '[t]his word [stranger] carries the connotation of hospitality, of doing something for someone who does not earn or deserve the good treatment, because there has been no previous

acquaintance. This word reflects a grace attitude toward people who have not yet earned one's consideration' (2003, 1).

Pitt-Rivers argues that the provision of hospitality is an act of sanctity where the "normal" rules of aggression and retaliation [towards strangers] are laid in abeyance' (1977, 118). In other words, it places the 'hostile' stranger and the host in a neutral setting outside the bounds of rivalry that is embedded in their relationship. He also observes hospitality to be an act of self-interest of the host, as certain gains are expected (1977, 59–60). So hospitality, whether it is an act of friendship, trust, grace, sanctity or purely an act of self-interest, paves the way for transformation and incorporation of the so-called 'hostile strangers' into a 'non-threatening' state.

The relations between hosts and guests were governed by an unwritten but nevertheless general code of good conduct. This code of good conduct was externalised through rituals that helped iron out the creases of transition from stranger to guest. Pitt-Rivers states that even though different cultures had specific codes of conduct suitable to the governing of that society, there was enough commonality in these codes to arrive at a 'natural law' of hospitality governing a guest's behavior (1977, 109). He states that a guest would generally be deemed to have infringed the law of hospitality, regardless of which culture he found himself in, in the following circumstances (1977, 109–110):

- if a guest disrespects a host by way of insults, hostility and/or rivalry
- if a guest usurps the role of a host by demanding or taking what is not offered
- if a guest refuses what is offered by a host.

Similarly, a host would infringe the law of hospitality if he disrespects a guest by way of insults, hostility and/or rivalry, fails to protect his guest and/or the honour of his guest, or fails to attend to the needs and wishes of a guest to the best of his ability (Pitt-Rivers 1977, 110).

For example '[t]he law or custom pertaining to the Ancient Greeks, of offering protection and hospitality to strangers was called philoxenos, literally "the love of strangers"' (O'Gorman and Kevin 2006, 444), and '[h]ospitality was a kind of sanctuary, and the host was thought of as having undertaken a solemn obligation to make sure no harm came to his guest while under his roof' (Telfer 2000, 39). Hosts were bound by a code of honour to ensure their guest's safety, and the guest was expected not to harm the host or take undue advantage of the host's generosity (King 1995) and maybe even reward the host if possible. In some societies, the host's obligation towards the guest extended far beyond these basic tenets to include even the provision of comfort, ease and welcome (King 1995, 221). The moral imperative to provide hospitality was communicated through many legends and instilled in the minds of people as a virtuous act. For example, in the first four scenes in *The odyssey* the ideal way in which hospitality should be provided is established. Eumaeus' hospitality toward the disguised Odysseus is one such scene, which contains all the typical elements of hospitality described above in the rituals of incorporating strangers.

It could be stated that although these laws of hospitality are age-old tacit agreements governing domestic hospitality, they still apply in a broad sense to hosts and guests in contemporary commercial hospitality settings. Perhaps an important

addition to the point, relating to honour in the context of the hospitality industry, could be that the guest should not dishonour his/her promise to pay for the services that he/she has consumed; and the host should not dishonour his/her promise to provide the services at a level, quality and price that has been promised to the guest.

### ***Contemporary Commercial Hospitality Practice***

The commercial hospitality industry is an extension/expansion of the practice of hospitality into the commercial domain where the main difference is that a monetary fee is charged, and the motive of those providing hospitality is to earn a living by making a profit. The domain of private-domestic hospitality continues, but it is no longer a fundamental obligation of citizens, as the contemporary hospitality industry has made the provision of hospitality for travelers in domestic settings no longer necessary. Hospitality in the home, especially forms of commensality is now provided to one's friends and relatives as a form of social entertainment rather than meeting a fundamental necessity. As Heal states:

For modern Western man hospitality is preponderantly a private form of behavior, exercised as a matter of personal preference within a limited circle of personal friendship and connection. As such it is also considered a social luxury, to be pursued when circumstances are favourable, but abandoned without serious loss of status when they prove adverse. Few would claim that it possesses any centrality in our value – systems, or that the obligation to entertain could be described as a moral imperative. (1990, 1)

In comparing the commercial provision of hospitality in inns in antiquity with the contemporary hospitality industry, there is also a dramatic change in the level of quality, facilities, comfort, choice, personal relations and of course price. Today, '[t]he hospitality industry is comprised of commercial organizations that specialize in providing accommodation and/or, food, and/or drink, through a voluntary human exchange, which is contemporaneous in nature, and undertaken to enhance the mutual wellbeing of the parties concerned' (Brotherton and Wood 2000).

In the contemporary hospitality industry, the basics of food and shelter are still provided to travellers, but the variety and choice of food and shelter that are provided have changed considerably. In addition to the basic necessities of food and shelter, hospitality establishments also provide non-necessities such as entertainment, health and fitness, travel information, business services, meeting and convention facilities, and travel.

### **Hospitality as a Productive Craft**

Tourism and hospitality can be seen, I believe, as 'productive crafts', producing both internal (e.g. inner happiness that comes from attending to the need of others) and external (e.g. profit) goods. Interpolating in MacIntyre's definition:

The aim internal to such productive crafts [such as hospitality], when they are in good order, is never only to produce [accommodate, feed and entertain etc.]. It is to do so in a manner

consonant with the excellences of the craft, so that there is not only a good product, but the craftsman is perfected through and in her or his activity. (MacIntyre 1994, 284)

This section looks at hospitality as a practice and seeks to understand how a virtue culture could make it more sustainable. Dykstra observed that a practice, in the MacIntyrean sense, ‘emerges out of a complex tradition of interactions among many people sustained over a long period of time’ (1997, 170). As seen above, hospitality practice can be conceptualised as the learning of a particular tradition, sustained by many people over a long period of time. The virtue ethics approach is useful in gaining practical wisdom through immersion in a particular virtue tradition and through practical examples. One learns these virtues through ‘lived’ experience (Tribe 2002, 316). My discussion here builds on the work of Tribe (2002) and Jamal (2004) on ethics and sustainable tourism pedagogy. Both scholars suggest that, in order to cultivate a virtuous and ethical disposition, it is necessary to look at pedagogy that encourages reflective thinking and suitable action in addition to the teaching of vocational skills.

The virtuous hospitality practitioner must cultivate the ability to act virtuously as required by the particular concrete situation he/she may be faced with. People who decide to act virtuously make choices that require ‘a capacity to judge’ in order to do the right thing in the right place at the right time in the right way. Making judgements ‘is not a routinizable application of rules’ (MacIntyre 1985, 150). The ability to exercise judgement in a given scenario is reached through rigorous practice of virtues through the lifetime of an individual. In other words, a person has to cultivate ‘goodness’ in preparation for acting virtuously, so that when that person is faced with a situation that requires judgement, then that person will be pre-disposed to act virtuously because that person has trained him/herself to act virtuously (Frankl 1984; MacIntyre 1985). A person who has cultivated a virtuous character will act virtuously, regardless of whether they are at work or outside work. Acting virtuously, however, does not necessarily mean that the good action taken will benefit oneself or one’s work organisation in terms of materialistic gain.

### *Self-Interest as the Motivating Factor in Commerce*

The idea that self-interest is what drives hospitality workers is not a new phenomenon. Earlier I referred to Pitt-River’s observation that hospitality, though civic minded, was nevertheless still an act of self-interest of the host, as certain gains were expected – whether it be favours from the governing deities, gifts, friendship or mere curiosity (see Pitt-Rivers 1977, 59–60). Similarly, Adam Smith notes in one of the most quoted passages, ‘[i]t is not from the benevolence of the butcher the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love’ (Smith 2005, 19). Smith argues that self-interest is not in itself a vice, but a play out of prudence.



For Smith, commerce provides a medium to use abundant supply for one's own gain as well as for the benefit of society at large. He writes specifically of hospitality:

Before the extension of commerce and manufactures in Europe, the hospitality of the rich and the great, from the sovereign down to the smallest baron, exceeded everything which, in the present times, we can easily form a notion of. Westminster-hall was the dining-room of William Rufus, and might frequently, perhaps, not be too large for his company. It was reckoned a piece of magnificence in Thomas Becket, that he strewed the floor of his hall with clean hay or rushes in the season, in order that the knights and squires, who could not get seats, might not spoil their fine clothes when they sat down on the floor to eat their dinner. The great Earl of Warwick is said to have entertained every day, at his different manors, 30,000 people; and though the number here may have been exaggerated, it must, however, have been very great to admit of such exaggeration. A hospitality nearly of the same kind was exercised not many years ago in many different parts of the Highlands of Scotland. It seems to be common in all nations to whom commerce and manufactures are little known. 'I have seen', says Doctor Pocock, 'an Arabian chief dine in the streets of a town where he had come to sell his cattle, and invite all passengers, even common beggars, to sit down with him and partake of his banquet'. (Smith 2005, 331–332)

The advent of commerce and shift in attitude has important implications for this discussion of commercial hospitality practice. With the gradual increase in commerce it was inevitable that 'charity became gradually less extensive, their hospitality less liberal, or less profuse' (Smith 2005).

Smith's argument is that commerce is a progression in society and a morally decent activity. Any judgment on the virtue of commerce should consider the skill, dexterity, and judgment with which its labour is generally applied; and the proportion between the number of those who are employed in useful labour, and that of those who are not so employed. An example that illustrates his way of thinking about hospitality that relates to the criterion about proportion is:

The expense, besides, that is laid out in durable commodities, gives maintenance, commonly, to a greater number of people than that which is employed in the most profuse hospitality. Of 200 or 300 weight of provisions, which may sometimes be served up at a great festival, one half, perhaps, is thrown to the dunghill, and there is always a great deal wasted and abused. But if the expense of this entertainment had been employed in setting to work masons, carpenters, upholsterers, mechanics, etc. a quantity of provisions of equal value would have been distributed among a still greater number of people, who would have bought them in pennyworths and pound weights, and not have lost or thrown away a single ounce of them. In the one way, besides, this expense maintains productive, in the other unproductive hands. In the one way, therefore, it increases, in the other it does not increase the exchangeable value of the annual produce of the land and labour of the country. (Smith 2005, 285)

Smith's account of the virtues, as stemming from one's innate human quality has a certain resonance with Buddhist philosophy. One does not need to cultivate or act to be virtuous as there are qualities already there within us. Often human beings get in the way of letting the natural instinct play out itself.

## **The Paradigm Shift Towards a Moral Society: The Breakdown of the Home–Work Duality of Self**

As Tracy Wilcox has succinctly argued in the previous chapter, in contemporary institutional settings, the moral agency of workers is constrained by what MacIntyre terms ‘structures of compartmentalization’. Before considering how the virtues could be cultivated in hospitality workers, I turn briefly to a discussion of this compartmentalisation. In relation to tourism John Urry pointed out as early as 1990 ‘how work and leisure are organized separate and regulated spheres of social practice in “modern” societies’ (1990, 2), leaving leisure to be on the opposite end of the spectrum from work. This chasm is becoming increasingly evident in modern organisations (for example see Vaill 2000). As a result of this fragmentation, we are facing a loss of our ‘authentic self-identities’ (for example see Newman 2007; Richards 2002). Some argue that this situation is changing as employees are no longer prepared to lead fragmented meaningless lives (Lagan and Moran 2006; Mochizuki 1993; Ray and Anderson 2000).

This duality of self is seen by many to be no longer viable. A new paradigm shift requiring the dissolution of the traditional boundary between self, work, and society is taking place across the globe (for example see Hamilton and Mail 2003; Ray and Anderson 2000). With this shift there is a call towards exercising the same moral standards in both work and non-work situations (Grossman and Chester 1990; Pocock 2009; Somerville 2007; Gladwin et al. 1995; Rosso et al. 2010; Wrzesniewski and Dutton 2001; Wrzesniewski et al. 2003). At the centre of this shift is a search by employees for a harmonious relationship with the rest of the world that integrates their work selves with their non-work selves in order to lead ‘morally good’, more meaningful and intrinsically satisfying lives – lives that are more spiritual and would lead to self-actualisation (Lagan and Moran 2006).

On this point, MacIntyre observed:

Any contemporary attempt to envisage each human life as a whole, as a unity, whose character provides the virtues with an adequate telos [ultimate aim] encounters two different kinds of obstacle, one social and one philosophical.

The social obstacles derive from the way in which modernity partitions each human life into a variety of segments, each with its own norms and modes of behavior. So work is divided from leisure, private life from public, the corporate from the personal... And all these separations have been achieved so that it is the distinctiveness of each and not the unity of the life of the individual who passes through those parts in terms of which we are to be taught to think and to feel. (1985, 204)

Some organisations are beginning to recognise that negative outcomes associated with the disjuncture between working lives and private life may affect performance via absenteeism, turnover and decreased job performance (for example see Galinsky et al. 1996; Goff et al. 1990). In order for modern organisations to be able to adapt to today’s rapidly changing environment and become learning organisations, they

should rely on intrinsic rather than extrinsic motivation (Fry 2003). Reminiscent of MacIntyre's 'internal goods', Fry defined intrinsic motivation as the 'interest and enjoyment of an activity for its own sake' and as something that 'promotes growth' and satisfies 'higher order needs' (Fry 2003, 699).

A large part of an individual's life is spent at work, and work is often seen as the context that gives life meaning and enables a person to develop spiritually:

Work can serve as a tonic for personal identity in that it helps boost self-esteem. When an individual does a meaningful work, he [sic] actually develops a sense of identity, worth, and dignity. By achieving meaningful results, he actually achieves himself, grows, and even, actualizes his full potential. Somehow, he has an opportunity to become who he is and to contribute to the improvement of his life conditions and of his community. Work becomes problematic when an individual cannot relate to it. Some would say that this experience is 'alienation'. (Morin 2004, 3)

The main question that is being asked by those taking part in the paradigm shift is: how should I develop a virtuous character to live my life, and conduct my trade/practice in a way that would be meaningful to me and also benefit the greater good of all? 'All' here encompass oneself, other human beings, animals, and the environment. In this context virtue ethics is receiving renewed currency for its ability to contribute towards the development of 'good' moral character where an individual's good character and actions will benefit not only that particular individual, but also the world at large.

Lagan's and Moran's study on the 'rise of the meaning economy' is important to this argument as it suggests the cultivation of virtue in society as a solution to this issue of private and public vices. They claim that:

From a virtue ethics perspective, what is seen as the right business decision will be one that accords with what a person of 'good' character would deem appropriate or what's accepted by the general public as being 'the right thing to do'. Similarly, the division between personal and professional accountability has converged to the extent that unacceptable behavior in either arena will call into question both character integrity and suitability.

*The doctrine of 'private vice/public virtue' is no longer acceptable to a cynical society exasperated by the profligacy of public office. (2006, 124 original emphasis)*

This intricate link between meaning in life and the cultivation of virtues is also visible in Viktor Frankl's (1984) popular book *Man's search for meaning*, which reflects on his 'lived experience' in a concentration camp and his psychotherapeutic method of finding a reason to live when everything was taken away. A meaningful life is lived through the cultivation of a virtuous character and not through the gaining of material wealth.

## The Cultivation of the Virtues

My interest then concerns how employees could cultivate a good character by taking 'good actions' that are geared towards the 'common good of all' rather than 'correct action' that would only make the *business* of hospitality profitable in the short-term

while keeping customers happy at a superficial level. Thus, my focus in this paper is on the cultivation of virtue in hospitality workers and the integration of virtue ethics into the pedagogy of the hospitality curriculum. I see this as a move towards helping hospitality employees to gain a meaningful experience from work and lead morally satisfying lives while also ensuring the long-term sustainability of the practice.

As to which virtues, the seven principal virtues of the Catholic catechism include the cardinal virtues of prudence or wisdom, justice, restraint or temperance, and courage or fortitude (from ancient Greek philosophy), and the three theological virtues of faith, hope, and love or charity.

Scholars have suggested various approaches to integrate virtue ethics into the hospitality curriculum (see Jamal 2004; Tribe 2002), but there do not appear to be many suggestions on the use of narrative portrayals of ‘lived’ experience accounts. I draw from an original narrative account by a hospitality worker to argue that such narrative portrayals containing experiential accounts of real life and ‘typical’ ethical scenarios would provide an engaging learning-teaching tool that would complement other current strategies.

### ***A Teaching-Learning Experience: Virtue Ethics Through Narrative Portrayals***

MacIntyre pointed out that in the Greek, medieval and Renaissance periods the chief means of moral education was the telling of stories. For example, he observed that in the heroic age, epics such as Homer’s *Odyssey* were able to articulate the virtue structure in those societies to show the values of the society and a person’s prescribed duties and privileges, and the actions required to perform those duties and what fell short (1985, 121–122). MacIntyre argued that ‘man is by nature a story-telling animal’. Stories are a means of constructing our experience as a way to explore deeper meanings. Zandy wrote that narration is ‘the persistent human urge to tell a story as a way of certifying one’s humanity, linking generations, and denying oblivion’ (1990, 10). There is a wealth of literature that argues the value of narrative in understanding the structure of human experience (Brown 2006; Boje 1991, 1995; Boje et al. 1999; Czarniawska 1997).

Macfarlane’s study ‘Tales from the front-line’ (2003) is of particular interest to this chapter as he discussed the use of a particular type of narrative genre which he called critical incident vignettes (CIVs). These were composed using real-life ethical scenarios that students experienced in the workplace. These narrative accounts were then used in the classroom to reflect on the nature of ethical dilemmas that were faced and to discuss their relevance in terms of ethical theory. Macfarlane argued that, ‘In contrast with traditional case studies based on a synthesis of secondary source material, CIVs are raw, first-hand commentaries of real events affecting individuals’ (2003, 58) and ‘contain many statements and assumptions about the nature and responsibilities of working life which warrant further discussion and scrutiny’ (2003, 64).

In a number of my previous works, I have also discussed the use of narratives to show the structure of an experience (see Wijesinghe 2007, 2008, 2009a, b, c). In this chapter, I would like to provide an example of the format of one such narrative that I crafted in one of my previous studies (see Wijesinghe 2007). The stories that were elicited and then later crafted in that study did not specifically relate to an ethical dilemma, but some of the stories that were chosen to be narrated by the persons who participated in the study had ethical relevance. The study that was carried out was in relation to hospitality reception practice. The portrayals provided here are not only accounts of specific events in practice, but also contain typical elements of hospitality reception work and related experience. Thus, the participants in the study were requested to narrate an episode of their choosing from their reception work that was typical of their practice and was significant to them. The participants were encouraged to provide as much detail as possible in terms of their sensory perceptions in what they saw, heard, said, smelled, thought, felt, etc. Using these details, I crafted a vivid portrayal of the story that was narrated. The conversations are reported in the narrator's own words. The following are some excerpts from some of these stories (the names of the people and places described here are pseudonyms):

### ***Narrative Portrayal: 'Do You Know How Important I Am?'***

Issue: This narrative describes an episode that portrays competing priorities of roles and tasks typical of hotel reception work. It portrays an episode that deals with the balancing of competing priorities and loyalties. These include the following:

- abuse of power by senior staff who have been in the job for a long time;
- conflict between administrative/clerical role and social role;
- trying to choose between loyalties to management and to the customer;
- management choosing profit maximization over employee goodwill.

### **Excerpt: Abuse of Power by Senior Staff**

I still remember this incident vividly. It was around 10.55 p.m., about five minutes before it was time to clock-out for the day and I was running late with the balancing of my float. The music and entertainment in the lobby had come to a closure and most in-house guests had retired to their rooms for the night. The lobby manager's station, opposite the reception desk, was unoccupied at the time. On this particular occasion, I was working with Nihal and Sumith. Nihal was the most senior reception worker in our entire reception desk. He had initially been the head cashier in the hotel and then later promoted to the reception desk. Nihal often chose to work the evening shift when managers and supervisors in the front office had retired for the day, which meant that those of us unfortunate enough to be rostered to work the evening shift with him often went home feeling worse for it. On the day of this incident, Nihal was sitting at the back office, chatting with his friends from other departments. His seniority within the hotel often won him personal favours from workers in

other departments who wanted to be in his 'good books'. So, he would often receive special meals and beverages from room service, which even senior management were not expected to receive without paying for, as the hotel provided free staff meals in the staff cafeteria. But, of course, staff food was perceived to be not as good as the guest food.

Sumith, the other senior receptionist, was pretending to be working at the front, without actually doing anything useful. During the day he had been off-loading most of his work onto me. Having experienced life in an egalitarian society such as Australia, and being only nineteen years of age with my young hormones rushing wildly, I was fuming with the injustice of it all. I was at the end of my eight-hour shift, feeling very tired, not at all feeling like a magician who is going to make one's dream come true (which was what was expected of a receptionist by the company I worked for in the way we related to guests). In fact, I think I felt more like a witch ready to pounce on anyone who made my job any more difficult.

I was covered in reports that I had just printed, with the printer next to me buzzing away printing more. I had bundles of money and travellers cheques all over my desk and coins and notes counted into piles on the desk in front of me. There were paper clips, rubber bands and envelopes all scattered on the desk. I was in the midst of doing some calculations on the computer, slouching at the desk as my feet were really aching from having stood behind the desk for nearly eight hours, and was fully engrossed in my work, which meant that I was not looking up, as I usually would, but looking down at my paperwork. I was in no mood to receive guests, let alone treat them like kings and queens.

At this time I sensed someone walking towards the desk. I felt rather exasperated at the intrusion at that time of the night. This is one time that I really wished that the hotel was empty so that I could carry on with my balancing without any interruptions from guests. Sumith was on the phone on a personal call. He was not taking an interest in serving the guest. I knew I would need to attend to the guest and that meant first of all smiling. I hated having to smile when I did not feel like it. It felt so unnatural and so un-spontaneous; it made me feel like a circus animal performing on demand. I was also not comfortable establishing eye contact directly with guests for prolonged periods. So, I waited until the guest was almost near the desk, looked up, greeted her with a quick smile and looked down and then up again without directly looking at her eyes.

The story continues.

After the incident was narrated I asked the participant a variety of follow-up questions to understand what the experience itself was like, how he/she felt during this experience and what sense he/she makes of what happened. For example, the participant was asked to provide a metaphor describing what the experience was like for him/her.

It was like:

- a butterfly pinned to a board
- a rope pulled in different directions
- being a circus animal that has to perform on demand.

The idea of these kinds of portrayals is to provide a highly personalised revealing text in which an author tells stories about his or her own lived experience.

Using dramatic recall, strong metaphors/similes, images, characters, unusual phrasings, puns, subtexts, and allusions, the writer constructs a sequence of events, a 'plot', holding back on interpretation, asking the reader to 're-live' the events emotionally with the writer. Narratives of the self do not read like traditional ethnography because they use the writing techniques of fiction. They are specific stories of particular events. Accuracy is not the issue; rather, narratives of the self seek to meet literary criteria of coherence, verisimilitude, and interest. (Richardson 1994, 521)

Plotting a story of a personal experience creates a virtual reality into the experience by bringing out the lived sensual dimension of the account. The aim is to make the reader experience the reality of the episode as if he/she is a spectator or an onlooker into the experience. The reader should ideally see, hear, sense and feel what the narrator may have experienced at the time. If the story is narrated effectively the reader should be able to identify with the storyteller and empathise with his/her cause or situation and understand the perspective he/she is coming from. The reader is able to see in the storytelling all the prejudice, values, fears and logic that coloured the experience. Although the narrative is a fictional account taken from life, it mirrors the lived world and somehow makes the familiar fresh (Willis 2002).

In my teaching of a course called 'Managing the hospitality experience', I provide my students with a booklet containing such portrayals that I have developed from my hospitality industry research. The course I teach is a first-year undergraduate course, and many of my students do not have any direct experience working in the hospitality industry and the portrayals provide them with useful insight into the profession. In the classroom I use these portrayals to lead discussions on the nature of hospitality work and I find this to be an effective teaching-learning tool. Students would often claim 'I had no idea hospitality work was like that' or 'I hadn't thought of xxxx ethical issue'. Another point that students have made is that if the receptionist described above had cultivated a virtuous character then when it came to the crux to make a judgement between whether she should give priority to the paperwork or to the approaching guest, it would be obvious that her priority should be helping the other human being, even if this means that she may be reprimanded by her manager for not completing her administrative duties on time.

## Conclusion

In this chapter I have highlighted an important change that is taking place across the globe whereby employees are looking for spiritual meaning and a work culture based on moral virtue. Transgressions of moral behavior both in work and outside of work are seen to be morally unacceptable. There is an intricate link between meaning in life and the cultivation of virtues. Thus, I have proposed here that the cultivation of virtue ethics would be a viable solution to this issue. A person who has cultivated a virtuous character will act virtuously, regardless of whether they are at work or outside work. Acting virtuously, however, does not necessarily mean that the 'good' actions taken will benefit oneself or one's work organisation in terms of materialistic gain. I concluded with the suggestion that narrative portrayals of lived experience are a suitable tool for integrating a virtue culture into hospitality studies pedagogy.

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# Chapter 12

## Thoughts on a MacIntyrean Approach to Social Sustainability Reporting

Stephen McKenzie

### Background: Sustainability and Ethics

Pointing to the general relationship between ethics and sustainability is no novelty. Writers like Jamieson (1998) and more recently Thompson (2007) have argued that ‘sustainable’ has effectively become synonymous with ‘good’, which means that if we want a sustainable society we have to define ‘good’, thereby inserting one of the central questions of western philosophy into sustainability: how do we define and attain a good society? Can it be summed up in truth statements, or quantified in some way, so that we know what we are trying to achieve?

I argue that so far, most attempts to deal with this question have progressed from a deontological and normative standpoint. They have proceeded by asking the question, ‘*What are the features of the society we want, and how must we live (or allocate resources) in order to attain and maintain this condition?*’ Specifically in terms of the social element of sustainability, this has meant a focus either on resource allocation, or on rules governing the behaviour for organizations and individuals. I will briefly give some examples of this.

Richard Shearman’s paper ‘The Meaning and Ethics of Sustainability’ from 1990, discussed the development of ethical bases for understanding sustainability throughout the 1980s, a time in which a basic modern dilemma was already clear. In terms of social and economic policy, social sustainability has often been defined as *equitable distribution to meet basic human needs* (e.g. Brown et al. 1987), and there is a major disjunction between that agenda and the needs of the environment. (For more recent examples of the inherent tension between equitable distribution and environmental sustainability, see Jacobs 1999; Joshi 2002).

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In terms of business reporting – the ultimate focus of this paper – social sustainability has proved the hardest of the three TBL elements to quantify. Concerns about the lack of information on the social element were first voiced by TBL reporters working within businesses, who stated – very early on in the comparatively short history of the TBL – that they did not know how to report on the social impact of their companies (Elkington 1999; GRI 2000; Barron and Gauntlet 2002a, b; McKenzie 2004). Many businesses began to use such things as fair labour practices, product safety, customer privacy and OHSW, as examples of social sustainability. (This is demonstrated in the Toyota Australia case study below.) These became accepted features of social sustainability reporting, and were adapted into sustainability discourse by the Global Reporting Initiative (GRI 2000) and other attempts to codify what the ‘social sustainability’ of a company actually meant.

Thus, as Throop (2010) argues, most of the social sustainability literature has emphasized structural conditions to be attained. Conversely, relatively little attention has been paid to the virtues that tend to create sustainable social groups and, in particular, those that are necessary if we are to work together effectively to address large-scale problems.

This paper attempts to look at the issue of social sustainability reporting by asking a different question, based on the idea of *sustainability as a practice*, rather than a condition. The question is:

*‘What sort of organisations are going to be responsible for creating and sustaining a good society, and how do we sustain them?’*

This is the question addressed in the following sections.

## Social Sustainability: A MacIntyrean Perspective

In the ancient and medieval worlds, the creation and sustaining of human communities – households, cities, nations – is generally taken to be a practice in the sense that I have defined it (MacIntyre 1985, 187–8).

Virtue perspectives on sustainability is a relatively new area. While MacIntyrean theory has previously been paired with environmental ethics (i.e. Gare 1998), it is only within the last few years that writers such as Throop (2010) and Vucetich and Nelson (2010) have begun to play with the implications of virtue theory for the social sustainability debate. This paper makes a theoretical contribution to that endeavor.

MacIntyre suggests in *After Virtue* that creating and sustaining human communities may be considered a *practice* at various levels: the household, the city, the nation. We know from MacIntyre (and other chapters in this volume) that practices are defined by standards of excellence, a focus on internal goods and the acquisition of knowledge within a tradition. If *sustaining communities* is a practice, we must imagine a situation in which standards for excellence in sustaining these communities exist, that they are focused on internal goods, and also that these goods and standards are known well enough to be communicated to the next generation.

There are two options for progressing this line of thought. The first is to view a community as a practice in its own right. Here, we might imagine that the goal of the community is to sustain its citizens and their standard of living, and therefore that the internal goods of the practice are the sense of wellbeing and community harmony generated when the citizens are adequately sustained. This approach is tempting in its simplicity but, if we take it, it is almost impossible not to fall back on current models for thinking about excellence in these areas, which lead to formulae such as ‘excellence exists where the needs of community members are met’, and so on. By trying to define an appropriate standard of living, we are quickly back to normative approaches and resource allocation once again.

The second way is to view the community as *an institution* that houses various smaller institutions and their practices. This approach means that *the practices within the community are the things that need to be sustained*.

As both MacIntyre (1985) and Moore (in this volume Chap. 1) note, institutions are powerful and externally focused, and they will tend to dominate practices over time unless they are kept in check – and if this is true at the level of an individual company, then it will be even more true of an entire community. As O’Malley’s paper has already discussed, MacIntyre is highly critical of many business institutions, dismissing the idea that management of such institutions can be counted as a ‘practice’ in his sense.

In response, I argue simply that institutional management *can* be a *secondary* practice, provided that it is directed towards maintaining the primary practice of the institution – in fact, it is for the specific reason that institutions tend to dominate their practices that ethical management practices are required. Here, I borrow from Moore’s argument regarding the two levels of practice: the primary, which is the practice housed by the institution, and the secondary, which is the *practice of creating and maintaining the institution* (see Geoff Moore’s chapter in this volume Chap. 1). If we take this view – and I do so for the remainder of the chapter – then we may begin to see social sustainability as *the secondary practice of sustaining the institutions that house standards of excellence and internal goods*.

I do not intend to suggest here that MacIntyrean ethics is the only approach to philosophy that focuses on the institution, but that his exposition of ‘practice’, coupled with Moore’s addition of the secondary practice, provides a clear way to combine social sustainability and virtue ethics. This notion of defining social sustainability as a secondary practice is the core of this chapter, and points to a potential liberation of social sustainability that virtue theory may provide. If we can begin to view social sustainability as a practice rather than as a definable condition, it relieves us of the task of definition, and focuses us instead on the task of imagining what the practice of sustaining our institutions to support practices might look like.

Therefore, in a MacIntyrean context, the challenge posed by social sustainability is not: ‘what is a good society and how are we to create and sustain one?’ It is a much more developed question: ‘*how do we create and sustain institutions within our communities that remain focused on the internal goods of excellence, and guard against the natural tendency of our institutions to become externally focused?*’

## Case Study: Social Sustainability Reporting from Toyota Australia

In the light of this question, I turn to TBL reporting, and close by asking what it might look like in a virtue-based context. I use as a case study the 2009 and 2010 sustainability reports by Toyota Australia, written in accordance with the guidelines of the Global Reporting Initiative, as examples of what measures a large company currently uses in order to demonstrate that it contributes to ‘social sustainability’ – meaning essentially that it is good for society (Toyota Motor Corporation Australia 2009, 2010) (Table 12.1).

The following table shows the categories in which ‘the social’ is developed in these reports, and notes whether these categories might be considered representative of a MacIntyrean internal good (that is, something through which employees might gain satisfaction through the pursuit of excellence), an external good (something which generates external rewards like money or fame for the company), or an institutional measure (a fact about the company that is not obviously related to either internal or external goods, but may have to do with sustaining the institution).

The most difficult decision to make when compiling the table was how to categorise the community investment activities of Toyota, which form more than half of the ‘social’ section in both reports. These have nothing directly to do with the

**Table 12.1** Content analysis of Toyota sustainability reports 2009 and 2010

Item	Internal good	External good	Institutional measure	Pages in 2009	Pages in 2010
General staff demographics, gender and other equity figures			*	1	2
Staff working conditions: leave, superannuation, etc.		*	*	1	2
The health and wellbeing of employees		*	*	0.5	0.5
Employee satisfaction as measured in a survey	*			0.25	0.5
Employee turnover and job security		*	*	0.25	1.5
Training	*		*	0.5	1
Continuous improvement strategies	*			0.25	0
Performance review processes	*		*	0.25	0.5
Occupational health and safety		*	*	1	2
Customer satisfaction and responses to advertising		*		1	2
Product safety		*	*	2	2
Investment in the community, partnerships and sponsorships			*	6	8
Total pages of ‘social’ reporting				14	22
Total pages of ‘social’ material directly pertaining to internal goods of excellence				1.25	2

\* Indicates that the item in question is seen as representative of one or more of the three themes – internal good, external good, or institutional measure.

attainment of internal goods through the achievement of excellence in automotive manufacturing, but they might contribute to employee happiness and a feeling of wellbeing in knowing that their company does 'good things'. On the other hand, it would be overly cynical to describe them purely as being about generating the external reward of reputation for the company. I have listed them as general institutional measures with an external focus.

The main purpose of the table is to illustrate that only about three-and-a-half pages out of a total of 36 in the social section of these reports can be classified as directly pertaining to internal goods of excellence in the MacIntyrean sense. Moreover, of these, the Employee Satisfaction Index may actually be a dubious measure of internal goods, because one of the key questions in the survey pertained to overall job security in the face of the GFC, rather than the pursuit of excellence. Two of the other items listed as pertaining to internal goods are descriptions of processes for incorporating employee feedback into company practice and descriptions of performance review processes. Not much hard data is provided in either case, compared to evidence of the external and institutional features.

This is not to say that a focus on excellence appears nowhere in the overall report. In fact there are frequent references to excellence in the president's messages and the introductory sections, and Toyota's philosophy on the continuous achievement of excellence in a socially and environmentally harmonious fashion is expounded over six pages, including the 'Guiding Principles', of which I quote three:

1. Honour the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good corporate citizen of the world.
2. Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the communities...
4. Create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide. (Toyota 2010, 10)

Such aspirational statements hark back to the UDHR and other normative ethical expressions, and there is no real harm in believing that Toyota's senior management do feel strongly about the ethical value of what they are trying to accomplish in a social sense. The point is, there is no scope in the actual TBL sections of the report for the company to discuss how they go about doing this – particularly in regards to the internal satisfaction that employees may experience through a continuous and structured pursuit of excellence, and the strategies that are being used to achieve this.

At face value, these reports do not look like an example of the difficulty of social sustainability reporting. The social section of both reports is in fact the longest of the three (the economic contribution of the 2010 report is 2 pages, the environmental 17, the social 22) and they give the impression that reporting on social indicators is now reasonably well understood and established. But from a virtue perspective, statements about employee job satisfaction are almost entirely absent, and statements about the ethical intentions of the company in relation to the pursuit of excellence are relegated to aspirational sections of the reports, outside the formal TBL reporting process.

I argue that TBL reporting, as it is found in these reports, encourages companies such as Toyota to focus on external and institutional factors, rather than on the creation of meaningful working conditions for employees based on the attainment of internal goods through the pursuit of excellence.

## **Conclusion: Internal Goods of Excellence in TBL Reporting**

The notion that a company such as Toyota *must* spend money (on philanthropy, job protection, staff health and safety, and so on) in order to generate the sort of social capital needed to be good, needs to be challenged. I am not arguing that firms should not spend money on these things. I am arguing that there may be a great deal of social value in the pursuit of excellence that is not being recognised, and that other factors are primarily external.

Here again, I follow Moore who argues that the ‘simplistic formula, that social responsibility must be a cost to the firm, is evidently not always true’ (2003, 50). He draws data from various studies of social responsibility reporting to show that companies whose financial and strategic performance were recognised as excellent were *also* more likely to outperform other firms on social and environmental issues as well. But the nature of these links between operational excellence and social performance is still unclear. Excellence is not commonly incorporated into social responsibility reporting, because it is seen as an internal pursuit, and CSR is currently defined primarily as an external, stakeholder-focused concept ‘*that extends beyond the organization’s boundaries* and is driven by an ethical understanding of the organization’s responsibility for the impact of its business activities, thus, seeking in return society’s acceptance of the legitimacy of the organization’ (Maon et al. 2009, 72, emphasis added).

Interestingly, the same is true in reverse. Kok et al. (2001) looked specifically at excellence reporting, such as the Malcolm Baldrige National Quality Award (MBNQA) and the European Quality Award (EQA). They showed that, while the issue of social responsibility is important for organisations that are serious in their approach towards business excellence, ethics and social responsibility are *not* incorporated in the sort of excellence models that have been developed. Kok et al.’s 14 aspects of social responsibility (2001, 292) present an attempt to bring ideas from models of business excellence into CSR, but it still ultimately excludes excellence in the MacIntyrean sense. None of Kok’s 14 aspects specifically relate to the development of virtue through the pursuit of excellence. In summary, we have a situation in which the internal goods of excellence are not a predominant factor in CSR reporting, or in business excellence reporting either.

The main point of this chapter has been to suggest that ‘social sustainability’ might usefully be re-examined as the practice of encouraging excellence and virtue, rather than by seeking to define conditions of the good and then attempting to regulate for them. In a MacIntyrean context, I argue that the *practice* of sustainability is the development of policies and procedures to support groups and organisations to conduct themselves in a manner that is economically sustainable, environmentally



positive or neutral, and beneficial to society. In the social area, there is currently considerable room for improvement in this practice. Many social indicators in use are actually economic or demographic indicators, or evidence of philanthropy; and if businesses attempt to look beyond these things, they will find broad and aspirational statements of normative ethics that are of limited practical use in TBL reporting. These statements tend to get translated into organisational policy through rules and guidelines for good behaviour, in a way that is not strongly linked to the actual aims of the company.

I do not present a fully developed CSR model in this chapter, but I am suggesting the sort of indicators that might be used by companies wishing to include a greater emphasis on internal goods of excellence. Sample indicators for companies such as Toyota might be:

- methods used by the company to ensure that staff have been engaged with continuous improvement processes, and data on the effects of this on output;
- evidence of staff feedback on ways to achieve excellence being utilised in the design of company outputs, and data on the effects of this on output;
- evidence of job satisfaction being linked to a feeling that staff were pursuing excellence;
- number of staff who reported that the company's current output was of a better standard than in previous years;
- number of staff who had voluntarily engaged in training to improve their performance;
- number of staff seeking sideways movement in order to work in an area of more interest to them;
- number of staff seeking and gaining promotion into higher duties;
- job-monitoring systems to ensure that employees in unsatisfying positions are rotated or retrained;
- evidence of mentoring systems within the organisation, and staff satisfaction with these;
- ways to ensure that recent change management processes have been effectively handled so that the change will contribute to better output;
- company plans to achieve a higher standard in the future and evidence that staff will feel informed of and involved with these plans.

Such indicators are not intended to replace other traditional social indicators like OHSW, product safety or philanthropy. What they might do is encourage companies to develop more effective ways of encouraging internal goods of excellence within their staff. A good organisation, in this context, is not just an organisation that makes sure it does good things in the world outside itself. It is also an organisation that strives to ensure that staff at many levels of the organisation are genuinely engaged with the pursuit of excellence, and may derive satisfaction from participating in this pursuit.

Virtue ethics presents a way to understand social sustainability by asking us to rethink what the practice of social sustainability actually is. I have argued that we might think of it as *the secondary practice of sustaining institutions to sustain their practices*.

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## Part IV

# A Concluding Reflection: Narratives of Virtue in Responsible Management

Howard Harris, Gayathri Wijesinghe, and Stephen McKenzie

Thus far, our purpose as editors has been to focus attention on to two main themes – the question as to whether or not management is a practice in the sense that MacIntyre uses in his virtues-goods-practice-institution schema, and, the practical application of particular virtues (and the avoidance of vices) in the pursuit of responsible management.

In the concluding paper, Michael Schwartz draws our attention to a third strand of thought – the importance of the narrative in the development of virtue.

He is not the first author in this collection to do this directly; Wijesinghe does so explicitly in her discussion of the virtue of hospitality. As both Schwartz and Wijesinghe point out, it is in the narrative, in the novel and in the told story of personal experience, that the development of character, the interplay of individual and community, can be seen. Such narratives take virtue and character from the realm of theory and ground it in experiences sufficiently complex to be real.

We note here that the individual story is the antithesis of the general rule. By pointing, as Provis does, to the inadequacy of rule-based approaches for complex moral reasoning, we give value to the story as exemplar. For example, Wilcox describes the embedded sociology of an organisation under threat and how the human resource managers worked to maintain a virtuous moral philosophy through a community of practice. The structures of that community provided for frank discussions, time for reflection and regular half-day meetings that allowed time for stories to be told, exemplars recalled and personal virtue sustained. Carrassi, in describing the process of Conscious Corporate Growth, suggests a way in which an organisation can develop its own story of virtue through structured discussions of just this kind. On another level, Rusak and McKenzie's paper looks at the possible beginnings of such a narrative within internet creativity. Currently, User-Generated Content (UGC) does not have standards of excellence to underpin ethical practice, but, might we be at the very beginning of the story of their development?

In short, a narrative thread runs through this volume, and Schwartz's paper, appropriately, brings the narrative quest to a close. A series of footnotes have been added by the editors with Schwartz's permission, to make explicit some of the links to the main themes of this volume.

# Chapter 13

## Murdoch, Trollope and Drucker: Virtue Ethics as Conveyed by Stories

Michael Schwartz

### Introduction

M. W. Jackson in critiquing both deontology and utilitarianism refers to the value ‘of an older tradition kept alive by a distinct minority of contemporary contributors to moral theory like Iris Murdoch’ (1988, 175). This ‘older tradition’ is Aristotle’s virtue ethics. Murdoch, along with some of her contemporaries, is credited with pioneering the resurgence of virtue ethics (McCloskey 2006). She was, however, both a recognised philosopher and a successful novelist. Her success in both these endeavours is integral to my aims in this paper. I argue that virtue ethics would not have survived, nor will it continue to survive, were it not for the fact that it was conveyed by stories, and continues to be conveyed by the telling of stories. Indeed, it is not insignificant that in referring us to virtue ethics Jackson noted the contribution of an individual who was both a novelist and a philosopher.

Murdoch’s contribution to these two fields is well recognised. Some have also recognised her ability to integrate these fields. Alasdair MacIntyre has stated that ‘Iris Murdoch’s novels are philosophy: but they are philosophy which casts doubt on all philosophy, including her own’ (MacIntyre 1982, 15). Indeed, I explored in an earlier paper (Schwartz 2009) the influence of Iris Murdoch’s output, where following her true vision occasions right conduct, upon Alasdair MacIntyre’s portrayal of us as storytelling animals on a narrative quest. In explaining her influence upon MacIntyre I discussed some of her claims regarding the relationship between literature and philosophy. In this paper I will further explore her claims as

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*A storytelling thread runs through this volume. This chapter, appropriately, brings the narrative quest to a close. A series of footnotes have been added by the editors with the author’s permission, to make explicit some of the links.*

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to that relationship paying special attention to Murdoch's claims that literature can help cure what ails philosophy. This is significant if I am to successfully claim that virtue ethics has been sustained by stories.

Furthermore, Murdoch has been compared with the novelist Anthony Trollope (Dipple 1982), as she has with Trollope's colleague and friend George Eliot (Wolfe 1966). Trollope and Eliot were both interested in philosophy, but Eliot by setting most of her fiction in the earlier part of the nineteenth century 'avoided some of the complications of late nineteenth century economic realities' (Henry 2003, 89). Trollope's fiction though is set in the late nineteenth century and in some of his works he specifically contemplates 'the corruption of the economic system' (Henry 2003, 89); and in novels such as *The way we live now* (1875) examined fraudulent financiers and financial speculation. I will in this paper examine how Trollope used his fiction to pursue an ethical agenda, and the nature of that agenda in that economic period. I will also explore how the influence of Trollope's fiction led the management theorist, Peter F. Drucker, to utilise fiction to achieve a moral agenda for business management. My purpose in doing so will be to illustrate the role of fiction in sustaining virtue ethics especially with regard to economics and management. However, prior to that I will review claims as to literature and moral philosophy which is necessary if I am to argue that fiction sustained a philosophy.

## Emotions and Morality

In its December 2008 issue *Critical Quarterly* explored the influence of the emotions upon rational thought. While not neglecting to mention a past interest in the emotions by thinkers such as Descartes and Hume, and indeed Plato and Aristotle, Patrizia Lombardo introduced the issue by noting how contemporary philosophers such as Martha Nussbaum and Ronald de Sousa 'have insisted on the role of literature and essays as a resource for the study of emotions' (Lombardo 2008, 7). Lombardo does though note that whilst fiction can extend our experiences and engender moral imagination, claims much akin to those made by Nussbaum, such theorists are not all claiming that fiction 'can teach us about what could be right or wrong' (Lombardo 2008, 7). Indeed, regarding Nussbaum while she is most sympathetic to the use of fiction by philosophers she is not seeking 'to replace the traditional rational approach to moral issues with an emotional approach' (Rosenstand 2006, 20). This should come as no surprise given Nussbaum's professed admiration for Aristotle (Nussbaum 1992).

Aristotle, explains de Sousa, describes the acts of a virtuous individual as a consequence of their moral character thereby placing the emotions 'under the aegis of morality' (de Sousa 2008, 13). But the Scottish philosophers, Hutcheson, Smith and Hume, thought of 'emotions such as sympathy and compassion as intrinsically moral, since they motivated us to behave in socially beneficial ways' (de Sousa 2008, 13); and de Sousa too argues that our ethical norms originate in our emotions, regardless of Kant's aspirations for morality to overcome emotions.

De Sousa acknowledges that it cannot be assumed ‘that all emotion is *morally right*’ (italics in the original, 2008, 14). Nonetheless by referring to certain common taboos he demonstrates that emotions ‘precede and swamp reasons’ (de Sousa 2008, 16), and he questions whether morality itself is ‘just a projection of emotion’ (de Sousa 2008, 19). That morality is a projection of emotion is apparently akin to the claims made by Murdoch regarding the value of art in informing morality, although Murdoch is in fact claiming something more for both art and morality.

Re-iterating what I argued in an earlier paper (Schwartz 2009), which is necessary given that this paper furthers those earlier arguments, Murdoch believed that what differentiates a good person from a bad person is that they see different worlds. Morality for Murdoch was thus determined by this ability to *see*. Regarding the ability to see Murdoch argued that art, and especially literature, had a far deeper substance than philosophy allowing our consciousness to perceive changes that had not yet entered our moral vocabulary. Murdoch thus seemingly stands with de Sousa (2008); for her too, ethical norms originate in our emotions. Furthermore, as they do every act depends on what is seen with an individual often ‘compelled automatically by what one *can* see’ (Murdoch 1970, 37).

However, Murdoch’s stance reflects a greater sophistication than de Sousa’s speculation as to morality being a projection of emotion, as for Murdoch seeing is a moral activity requiring moral imagination and moral effort. Ethical norms thus might well originate in our emotions but only if in those emotions they are ethically nourished. This nurturing is by the exposure to art which Murdoch argues contains ‘moral insight’ (1970, 41). Thus for Murdoch virtue can only be acquired by ‘a just mode of vision’ (1970, 91). Art therefore facilitated and informed morality as art, according to Murdoch, contained moral truths and was not value free. However, further to those claims, I will in this paper explore Murdoch’s claims as to how art can specifically help cure the ills of philosophy. I will then examine what this meant for Trollope and what that conveyed to Drucker. Drucker has been castigated by business ethicists (Hoffman and Fedo 1994) for denigrating business ethics. However, Drucker’s fiction reveals something else: that Drucker might belittle business ethics but still seek ethical managers. Furthermore, Drucker’s fiction also reveals Drucker’s commitment to an ethics of character regardless of what he professes regarding business ethics.

## Literature Salvaging Philosophy

Murdoch in discussing Kant’s moral philosophy argues that for Kant virtue does not require any knowledge, only the ‘ability to impose rational order’ (Murdoch 1999, 262): and hence for Kant, quite contrary to Hutcheson, Smith and Hume, emotions are ‘irrelevant to morality’ (Murdoch 1999, 262). Murdoch believes that this irrelevance of emotions to morality explains Kant’s theory of morals and Kant’s theory of art and the distinction Kant makes ‘between the sublime and the beautiful’ (Murdoch 1999, 262); where the beautiful is produced by art with reason playing no

part, and the sublime is a product of reason. This distinction she claims has failed to 'fascinate philosophers as much as it should' (Murdoch 1999, 262). The possibility of reconciling this distinction between the sublime and the beautiful is imperative to Murdoch as it provides the opportunity for art to rescue morality.

Murdoch praises societies in which the work of great novelists are appreciated as in those societies we discover 'tolerance and respect for the existence of' (Murdoch 1999, 277) others. Such novels, she writes, differentiated the nineteenth century novelists from contemporary novelists as in the earlier novels their creators tolerated the existence of characters both free and 'independent of their author' (Murdoch 1999, 271). Contemporary novels though, she critiques, as they explore institutions or present a solitary hero show no concern with the 'creation of character' (Murdoch 1999, 279). Murdoch writes that the great novelists are judged 'by the quality of their awareness of others' (Murdoch 1999, 281) and in the novel 'the most important thing... (to be revealed)...is that other people exist' (Murdoch 1999, 282). That this occurs in the novel is essential as this is an aspect which 'no other art can reveal' (Murdoch 1999, 282).<sup>1</sup>

Following Murdoch, Kant's distinction between the sublime and the beautiful meant that 'neither morality nor art was a matter of knowledge' (Murdoch 1999, 264) with the sublime dependant on the conflict between reason and imagination and the beautiful dependent on 'imagination and understanding in harmony' (Murdoch 1999, 263). Furthermore, it was, according to Murdoch, Kant's theory of the beautiful which is responsible for the current state of the contemporary novel as the literary movement, The Symbolists, 'served up (Kant's theory of the beautiful) in a fresh form' (Murdoch 1999, 273). As a result of this, modern literature consists of either some form of journalism commenting on current affairs or history; or else it was a 'tight metaphysical object' (Murdoch 1999, 278) desirous of being a poem. It was for these reasons that whilst 'we are offered things or truths. What we have lost is persons' (Murdoch 1999, 278). However, whilst 'Kant creates the error' (Murdoch 1999, 282) Kant also 'suggests the cure' (Murdoch 1999, 282).

Why, according to Murdoch, Kant provides the solution is because of his motivations regarding the sublime and the beautiful. The latter experience for Kant is a 'reposeful contemplation of the purposeless' (Murdoch 1999, 282) but the former for Kant, whilst completely isolated from art, is a 'spiritual or moral experience' (Murdoch 1999, 282). For Murdoch though, the 'experience of the art of the novel is spiritual experience; and where spirit fails...art fails' (1999, 282); and hence, if 'the theory of the sublime can be transferred into a theory of art' (1999, 282) the contemporary novel can be salvaged. This is because for the novelist to succeed as a novelist requires perceiving that other persons exist. Murdoch describes that while Kant saw the sublime by contemplating nature one can equally contemplate 'our surroundings as consisting of other individual men' (Murdoch 1999, 282) who present the ongoing challenge of understanding them. Such a challenge for the novelist requires accepting that their 'art is not an expression of personality'

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<sup>1</sup> Virtue, as both Aristotle and MacIntyre would have it, is developed in community.

(Murdoch 1999, 283) and it is this which will ensure that the individuals in ‘novels are free, independent of their author’ (Murdoch 1999, 271). This is an important insight for Murdoch as this ‘diagnosis of literary ills brings us back to moral philosophy’ (1999, 284) and its problems which is why literature can save philosophy.

Unlike Aristotle, Murdoch does not present virtue as concerned with choosing between different actions. Rather, virtue makes only one demand: that we appreciate ‘that other people exist’ (Murdoch 1999, 284). The knowledge that other people exist is a virtue as Murdoch argues that we only choose when all our other options have expired, and our eventual choice is dependent on the knowledge we acquired before being impelled to choose. Murdoch therefore argues that Kant was wrong to claim that virtue did not require knowledge as virtue in ‘knowing and understanding and respecting’ (Murdoch 1999, 284) others is knowledge. Furthermore, it is such knowledge which a ‘novelist needs’ (Murdoch 1999, 284) which is why literature can reclaim philosophy; without such knowledge the contemporary novel cannot contain real characters and it is evident that both morals and literature ‘concern themselves with reality’ (Murdoch 1999, 284).

Murdoch, herself a successful twentieth century novelist, looks back to the nineteenth century as the age when the novel reached its zenith as those novels examined both an individual and the class structure. A nineteenth century novel, as opposed to twentieth century novel, had no concern ‘with ‘the human condition’, it was concerned with real various individuals struggling in society’ (Murdoch 1999, 291). But further to that Murdoch argues that in the twentieth century we have lost our ‘connection between art and the moral life’ (Murdoch 1999, 293) because just as symbolism dominated the twentieth century novel, we are simultaneously ‘losing our sense of form and structure in the moral world itself’ (Murdoch 1999, 293).<sup>2</sup> Murdoch asserts that we readily assume that we are completely free and perfectly rational and those assumptions along with ‘a simple-minded faith in science... engenders a dangerous lack of curiosity about the real world’ (Murdoch 1999, 293).

Murdoch’s arguments are essentially that in modernity we have allowed ourselves to be hoodwinked: that what we believe regarding the freedom we assume we enjoy, along with the power of our own will, negates any effort to appreciate ‘the difficulty and complexity of the moral life and the opacity of persons’ (Murdoch 1999, 293). However, it is exactly ‘here that literature is so important, especially since it has taken over some of the tasks formerly performed by philosophy’ (Murdoch 1999, 294); and that through literature we can discover again the complexity of our existence and escape from being duped. Murdoch’s claims as to literature having taken over some of those tasks formerly performed by philosophy are not unproblematic. After all, as this paper discussed, Murdoch claims that what differentiates the good person is the ability of that person to *see*, with such moral vision being provided by art. However, if the twentieth century novel has the shortcomings Murdoch highlights, it is difficult to understand how it fosters moral vision. Presumably it rarely does so

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<sup>2</sup>This concern for the form and structure of the moral world, a world inhabited by real people and real organisations, is also apparent in Mario Carrassi’s account of Conscious Corporate Growth in Chap. 7.



and Murdoch implicitly acknowledges that perspective in claiming that if literature is to perform such tasks ‘prose must recover its former glory’ (1999, 294).

Murdoch also questions why modern literature does not convincingly depict evil especially given its preoccupation with violence. She answers this by asserting that despite our historical experiences we remain not merely optimistic but ‘indeed self-satisfied’ (Murdoch 1999, 294), and that the literature we produced in the twentieth century is a symptom of that self-satisfaction. Furthermore, one could speculate that evil is representative of an absolute opposed to another absolute which is good, and in a relative world such absolutes are impossible to depict. Murdoch does not suggest this but argues that our attention has been focused on a falsity and that we need to redirect our attention from that to a real person. For Murdoch such a ‘reality is not a given whole’ (Murdoch 1999, 294) which means that ‘a respect for the contingent, is essential to imagination’ (Murdoch 1999, 294), and because of that literature must contain both ‘real people and images’ (Murdoch 1999, 295). Literature containing both those elements can redeem philosophy. This, Murdoch argues, is imperative as in morals ‘we have stripped ourselves of concepts’ (1999, 294). But, ‘literature, in curing its own ills, can give us a new vocabulary of experience, and a truer picture of freedom’ (Murdoch 1999, 294).<sup>3</sup>

## Trollope

Murdoch refers in her writings to many nineteenth century novelists. She does not however refer to Anthony Trollope, although she does refer to his close friend George Eliot. It is, though, of considerable interest that one of the major reasons why Murdoch argues that literature is needed to save philosophy is that we allowed ourselves to be duped as to our condition. And, what we were taken in by was the myth that we are ‘isolated free choosers’ (Murdoch 1999, 293). Indeed, such a condition derives from our acceptance of existing among rational individuals with complete freedom; but Murdoch argues that such an acceptance has undermined our curiosity regarding the world and ‘a failure to appreciate the difficulties of knowing it’ (1999, 293).

Why we exist in such a state, according to Murdoch, is due to our ready acceptance of John Stuart Mill’s philosophy where we are encouraged to believe we are free but simultaneously we have surrendered the ‘background of values, of realities, which transcend him’ (Murdoch 1999, 290); and we have therefore ‘suffered a general loss of concepts, the loss of a moral and political vocabulary’ (Murdoch 1999, 290). Murdoch argues that the reality however is that ‘the technique of becoming free is more difficult than John Stuart Mill imagined’ (Murdoch 1999, 293) and furthermore that ‘there should have been a revolt against utilitarianism; but for many reasons it

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<sup>3</sup> Grant and McGee are also concerned in Chap. 8 about the twentieth century pervasiveness of self-satisfaction, providing a case study of narcissism in business.

has not taken place' (Murdoch 1999, 290). Murdoch, however, is wrong. There was a revolt against utilitarianism at the very outset and the major protagonist was the nineteenth century English novelist Anthony Trollope.

Trollope is remembered as a novelist. Indeed, many of his novels continue to be published and purchased, albeit for most of his working life his primary occupation was that of 'a civil servant' (Drucker 1971, 335). Peter Drucker wrote that 'Anthony Trollope used the theme of Machiavellian politics' (Drucker 1971, 233) in his novels thereby recognising that an organisation was 'a polity and a community' (Drucker 1971, 233). Such a recognition, Drucker claims, requires new theories which will diminish the relevance of, amongst others, John Stuart Mill (Drucker 1971, 234). However, Trollope himself saw his differences with Mill very differently. Indeed, regarding Mill, MacIntyre writes that we cannot understand his works without also having read works 'by Bentham and by Coleridge. Mill's own views emerged from and are fully intelligible only by reference to his dialogue with these' (MacIntyre 2006, 128). Trollope's works in turn, both his fiction co-incidentally and his philosophical output, are only intelligible as a reaction to Mill's utilitarian philosophy.

Trollope in discussing his fiction writes that 'there are many who would laugh at the idea of a novelist teaching virtue' (1961, 126) but that he regarded his 'art from so different a point of view that I have ever thought of myself as a preacher of sermons' (1961, 126); and that through his fiction there were 'lessons I have striven to teach' (1961, 127). Those lessons originated as a response to John Stuart Mill. However, before examining that aspect I would like to consider Trollope's fiction with regard to Murdoch's claim that both morals and literature 'concern themselves with reality' (1999, 284). Trollope's fiction, according to Trollope's contemporary reviewers, displayed 'moral irresponsibility' (Skilton 1972, 58) because of the 'realism' (Skilton 1972, 59) which he utilised in his fiction to portray as accurate a portrayal as possible of those circumstances he was relating. Although the ability of Trollope to escape such criticism was problematic given that his critics demands of his novels 'for perfect morality and for perfect truth' (Skilton 1972, 59) were often contradictory when Trollope's 'subject-matter is ethically dubious to the mid-Victorian mind' (Skilton 1972, 59).

Trollope's reviewers did not believe their criticism was unfair. They thought that reality could be accommodated by counterbalancing the 'distribution of virtue and vices' (Skilton 1972, 65); and, regarding a work such as Trollope's *The way we live now*, objected to 'the universal sordidness' (Skilton 1972, 65) of the characters in it. Skilton discusses one of these reviewers, Richard Holt Hutton, as he gives us 'the most coherent and deliberate account of this critical need for moral stability' (Skilton 1972, 66). Intriguingly enough, Hutton's perspective as a Victorian reviewer regarding literature and morality is not dissimilar to that of Murdoch. Hutton regarded 'literature as an essentially moral activity' (Skilton 1972, 66). Furthermore, Hutton believed that the 'the artistic essence of literature is a moral quality. Hence for him moral proportion is not only an ethical imperative but also a fundamental precondition for literature' (Skilton 1972, 66). Moral proportion for Hutton and other Victorian reviewers was a display of 'both the positives and negatives of human existence, so as to show the connection between mankind and God' (Skilton 1972,

66). Murdoch, however, living in a world which questions God's existence still seeks a portrayal of those positives and negatives as it accords with the realism necessary to morality. Trollope, however, acknowledged such a reality in portraying the characters in *The way we live now* as universally sordid as in that book Trollope explores a new reality. This reality was those changes in society causing traditional ties to be 'replaced by money, ambition and power' (Skilton 1972, 148). Such changes meant that despite existing in a crowded world where everyone was forced to depend on others the destruction of traditional ties meant that 'the individual is in the last analysis alone' (Skilton 1972, 148) which Trollope recognised was the 'central contradiction in modern society' (Skilton 1972, 148). For Trollope the cause of this contradiction was John Stuart Mill's utilitarian philosophy.

Skilton's (1972) biography of Trollope makes no mention of Mill. Kincaid (1977), though, explains that as Trollope failed in his ambition to secure a seat in parliament he used his novels to forward his political agenda. A part of that agenda was his objections to Mill's political ambitions for women. This objection, Kincaid (1977) writes, Trollope raises in his book *Phineas Finn* where one of his female characters voices her objections to Mill's political aspirations for women. Indeed, Halperin too writes that in *Phineas Finn* Mill is referred to twice. Both of these references are regarding Mill's aspirations for sexual equality. And both times 'humorously by women who have no use for his feminist theories' (Halperin 1977, 39). Halperin writes that in a similar vein Mill is referred to once in Trollope's *He knew he was right*. Despite that Halperin speculates that as only one book of Mill's, *Logic*, had been in Trollope's library 'Trollope's own knowledge of Mill is doubtful' (Halperin 1977, 39).

Nardin (1996), though, presents a different reality. She writes that Trollope had 'met Mill' (Nardin 1996, 35) although Trollope 'didn't hit it off particularly well' (Nardin 1996, p. 35) with Mill. Indeed, regarding Trollope's library, Nardin explains that then moral philosophy was 'published in popular magazines' (1996, 35) and notes that in 1861 'Mill's *Utilitarianism* was published in a periodical with a general readership, *Fraser's Magazine*' (Nardin 1996, 35) which might explain the deficiencies of Trollope's library. Its general readership also explains the widespread interest in this topic in Victorian England. Trollope published philosophical essays in such magazines (Nardin 1996, 35) and undoubtedly read them too. Nardin presents Trollope as opposed to consequentialism and dismayed by the increasing 'influence of Mill's *Utilitarianism*' (Nardin 1996, 37); and utilising his novels to oppose it. The novels thus have a specific aim and are concerned with literature salvaging philosophy. Nardin writes that the 'depth of his scepticism concerning the utilitarian approach is revealed in *The fixed period* and *The American senator*' (Nardin 1996, 28). Furthermore, Trollope anticipated Murdoch's objections as to the limitations on our freedom to choose, and that such an acceptance meant surrendering the 'background of values, of realities, which transcend' (Murdoch 1999, 290) that. Trollope protested from the outset that utilitarianism identified a specific end. Alternatively to this Trollope subscribed to a common morality which prescribed

‘no ends...(but)...constraints upon the pursuit of those ends that moral agents themselves choose to seek’ (Nardin 1996, 30).

Trollope is therefore important to my argument. He both anticipates Murdoch’s objections and opposes Mill’s utilitarianism through his novels. He is also important for another reason. Trollope recognised that business was changing society and ‘businessmen appear in a number of Trollope’s novels’ (Edwards 1968, 77). Trollope also recognised that business was changing the social structure and he describes the English ‘aristocracy, as selling out their possessions, their values, their very souls in order to share in the proceeds of shady commercial speculations’ (Edwards 1968, 77). Drucker recognised that when Trollope was writing ‘money had come to dominate; but money had also come to be unmentionable’ (Drucker 1980, 94) but that ‘most of (Trollope’s) novels are about money’ (Drucker 1980, 94). Drucker might not have recognised that Trollope used his fiction to question Mill’s utilitarian philosophy. But Drucker did too write fiction which I will argue is influenced by Trollope. And Drucker’s fiction in turn can be seen as an attempt to use fiction to bolster his stance regarding business ethics. For Drucker too then literature helps salvage philosophy.<sup>4</sup>

## Drucker

While Flaherty (1999) highlights Drucker’s appreciation of the nineteenth and early twentieth century novelists Drucker himself is even more specific. Drucker writes that ‘I never read management books – all they do is corrupt the style’ (Drucker 1997, 1); and notes how pleased he is that an event has made a friend also ‘stop reading management books (which are dreadful trash) and is making you read decent books’ (Drucker 1997, 1). Drucker continues that he has been re-reading ‘for many years the main novelists – mostly nineteenth century’ (1997, 1) amongst which there is ‘my favourite now – Trollope’ (Drucker 1997, 1).

Indeed, following Flaherty, Drucker saw that many of these novelists ‘were involved in technological prognostication’ (Flaherty 1999, 124). However, Drucker concluded that in doing so they ‘often revealed more about themselves and their beliefs and ideologies than about the future’ (Flaherty 1999, 124). Ironically, that much the same might be said about Drucker first occurred to me when I researched Drucker’s novels for an earlier article (Schwartz 2004). As I argued then (Schwartz 2004) Drucker, like Trollope, clearly wrote both his novels for a specific purpose. And, with regard to his novel, *The Temptation to Do Good*, that purpose is very much connected with business ethics. In 1982 (Drucker 1982), Drucker attacked the validity of business ethics: in 1984 he intensified that attack with his novel *The*

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<sup>4</sup>It is in community that goods internal to practices are found, or not found. The absence or decline in values in modern society drives MacIntyre’s argument for a renewal of interest in virtue, as Moore notes in Chap. 1.

*Temptation to Do Good*. Drucker's interest in writing that novel (Drucker 1984) is that he can use fiction to explain the risks of an organisation being *moral*.

However, as I argued at length earlier (Schwartz 2004) in creating that fictional situation, Drucker is using fiction to explain the necessity of asking what he identifies as the key business questions 'What is Our Business – And What Should it Be?'; not merely from a purely business perspective, but from an ethical one too. As I also noted (Schwartz 2004), that this fiction so strongly correlates with his major theoretical concerns reinforces our ability to infer Drucker's genuine position. In my article (Schwartz 2004) I argued that in his 1954 book *The practice of management*, Drucker, despite his objections to business ethics in his 1982 article, did write that a manager must 'sub-ordinate his actions to an ethical standard of conduct' (1979, 454). Drucker does argue that 'the public responsibility of management must therefore underlie all its behaviour. Basically it furnishes the ethics of management' (Drucker 1979, 455), which 'should begin with management's responsibility to the enterprise' (Drucker 1979, 456). Here, 'the first responsibility which management owes to the enterprise... is to consider such demands... as may affect attainment of its business objectives' (Drucker 1979, 456). All of this I argued in detail in my earlier article (Schwartz 2004).

In Drucker's 1984 novel, *The Temptation to Do Good*, the St. Jerome University President, Father Heinz Zimmerman's primary responsibility to St. Jerome was to consider those demands which *may affect attainment of its business objectives*. Zimmerman failed in discharging that *responsibility to the enterprise* and thus his behaviour lacked any *ethic of management*. In my earlier article (Schwartz 2004) I noted that such an argument as to the actual ethics of management is an ingenious one, and Drucker perhaps did well to present it in a novel which contends that being ethical in itself, is meaningless, and liable to be the cause of great harm, if management loses sight of its objectives. Zimmerman failed not by any *temptation to do good*, but by failing to discharge his 'responsibility to the enterprise' (Drucker 1979, 456). In such terms Drucker, influenced no doubt in his literary endeavours by Trollope, can be conceived of as a virtue ethicist where virtue consists, like Murdoch, solely of a single virtue. This virtue for those employed in the corporation would consist of discharging ones 'responsibility to the enterprise' (Drucker 1979, 456).

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