"PROFITING FROM VIRTUE: Business Ethics, Authentic Leadership, and Professional Education"

In the wake of the financial scandals in business that have come to light over the past few years, business ethics has received much attention. In this essay, I will discuss the argument that trust and real leadership in corporate America will not be recovered until leaders, managers and other business agents deem virtuous behavior as crucial to their personal success. Such individuals are motivated, primarily, to achieve excellence as consummate professionals. By behaving in this manner, business people can achieve the “profit” that God intends for us. Business faculty and business programs have the opportunity and, I would argue, the responsibility to educate students so as to make them more virtuous, people who view business as a profession and commit themselves to achieving moral excellence. To accomplish this, we as faculty, and our institutions as active, supportive communities, need to change the way they organize and conduct their practice.

In the Spiritual Conferences of St. Francis de Sales, it is said that, “God never permits anything to come upon us as a trial or test of our virtue without desiring that we should profit by it.” At the dawn of the 21st Century in America, many high level corporate executives had their virtue tested, and though their virtue was found sadly lacking, they nonetheless seemed to profit by it. Enron ran out of gas, leaving in its wake a few vastly richer top executives and a slew of workers with no pensions, no healthcare, and no jobs. Worldcom became the biggest bankruptcy in history, leaving CEO Bernard Ebbers rich and as yet unscathed, but thousands of employees and suppliers out of luck and, maybe, out of hope. Dennis Kozlowski’s toga party on Tyco’s money, outrageous termination payments to failed executives, and illicit trading within mutual funds: as William George, former CEO of Medtronic, says, “There seems to be no end to the misdeeds being uncovered, as leaders continue to put their institutions at risk.”

These profitable outcomes for corporate leaders are not, of course, what St. Francis de Sales had in mind in the statement at the start of this essay. Their actions have significantly drawn down the reservoir of our country’s financial assets and depleted the reservoir of trust in business and corporations.

George argues that public trust in America’s corporations will not be restored until they are run by authentic leaders, chosen for their virtuous qualities (i.e., their character and values) as well as their ability and commitment to “motivate employees
create genuine value for customers.”[ii] Such leaders would meet the criteria of John Dobson’s “new [corporate] agent” – ethical leaders who are “motivated primarily by a desire to achieve excellence.”[iii] Such leaders will view their work truly as a profession, or as what Barry Schwartz has called a practice.[iv] Schwartz’s concept of a practice includes the idea that it has its own set of goals, defined as standards of excellence or “internal goods” that people in the practice strive to achieve, in contrast to external goods like wealth.

Corporate managers who view their work as a practice will, consistent with Aristotle’s concept of practical rationality, behave ethically. They may still pursue and achieve profitable economic outcomes, but those outcomes are not the ultimate objective. Their goal is to achieve excellence in the practice – i.e., the profession. They would, as Adam Smith might say, exhibit a “keen and earnest attention to the propriety of [their] own conduct, [a trait which] constitutes the real essence of virtue.”[v] As Dobson states, “… ethics and professionalism are not separable; being a good professional must entail being a moral professional in the sense that the true professional seeks excellence in a given profession through the exercise of virtues.”[vi] The achievement of happiness for such professionals depends upon the exercise of virtues, since excellence in the profession cannot be achieved without them.

For Alisdair MacIntyre, virtues are not only traits that allow true professionals to accomplish the goals – attain the internal goods – of the practice, but are also the dispositions that “sustain us in the relevant kind of quest for the good, by enabling us to overcome harms, dangers, temptations and distractions which we encounter, and which will furnish us with increasing self-knowledge and increasing knowledge of the good.”[vii] Equipped with those virtues, corporate agents can deal with the trials and tests that confront them with profitable outcomes, in the sense that goods internal to the practice (an maybe even external goods) will be achieved. This is Dobson’s view of the “good life.”

It involves adherence to the virtues, and the pursuit of quality/excellence/internal goods. It entails placing virtue and moral excellence above external goods as the source of primary motivation in life. Only the agent who is so motivated and acts in this manner is able to flourish and achieve true happiness. Thus, the pursuit of moral excellence is not self-sacrificing. It is entirely consistent with the pursuit of personal self-interest.[viii]

This happiness that Dobson describes, and the self-knowledge and the knowledge of the good about which MacIntyre writes, is the “profit” that St. Francis de Sales has in mind … the profit that God intends us to achieve through the virtuous confrontation of our trials and tests.

Virtuous behavior. Authentic leaders. Good for the nation, good for business, good for us as managers and other agents working in the corporation. But where will these authentic, virtuous, practically-rational professional people come from? How will they be developed, molded, encouraged?

Multidisciplinary research shows that peoples’ attitudes and behaviors are, indeed, malleable. People change attitudes and behaviors when presented with role models and information/assumptions about how other individuals behave. Virtues and ethical
behavior can be nurtured by individuals and communities. While some argue that it is not the role of a college to get students to behave ethically, to practice virtue, I believe that educators and their institutions can, should and must try to instill virtue in students, and motivate ethical behavior. This challenge, of course, would span the college, but I will pay particular attention to my own profession and the field that I teach in: business education.

Dobson argues that virtue ethics has four fundamental attributes, including (1) a stress on certain key character traits, or virtues, including trustworthiness, perseverance, and fairness/justice, (2) an emphasis on the existence of an active community that supports and nurtures these character virtues, (3) an emphasis on sound moral judgment – what Adam Smith would label moral prudence – in contrast to behavior based on rules and guidelines like an ethics code, and (4) “the successful identification and emulation of moral exemplars or role models [who are] essential for the dissemination of morality with the aforementioned nurturing community.”[ix] Business schools and programs represent communities that can nurture virtue in their students, and are part of the larger community of business that can nurture and provide needed exemplars. Dobson offers the following charge to business educators and institutions:

In the context of education, business schools can be seen as sculpting the attitudes and values of individuals who inherit and perpetuate our corporate culture. The business school is, in essence, the crucible of corporate culture. It is currently where disparate and undeveloped ideologies and values are cast and recast in the mold of economic rationality. It is thus up to the contemporary progenitor of corporate culture, namely the business school, to fan the ‘virtue’ embers supplied herein and rekindle virtue as a meaningful concept.”[xi]

The Reverend Thomas Dailey believes that “Francis remains today a spiritual patron for … those who struggle to lead a life of virtue amidst the temptation of the world.”[xii] Especially here, at this university inspired by and committed to the Salesian spirit, we need to be preparing our students to enter into managerial and other professional positions within business with a commitment and ability to confront its trials, temptations and tests. We should lead students to become virtuous, authentic leaders who will do what is right for customers, workers, shareholders, suppliers and other stakeholders – and by doing so, do what is right and good for themselves.

To accomplish this, to rekindle virtue as a meaningful concept among today’s business students and tomorrow’s business leaders, we will need to change what we do and how we do it. As long as students remain focused on the idea that winning means getting the grade, viewing the grade as an external good rather than a benchmark to measure the degree to which the internal good of excellence is achieved, we will not fan those embers of virtue. As long as students view faculty as the people who supply this external good called a grade (as part of a larger external good called a college degree), and not as members of their nurturing community but as individuals to be psyched out in order to get that grade, we will not enhance virtue among our students. As long as students perceive that economic rationality (egoism and wealth maximization), rather than achieving professional excellence, is the bedrock of business philosophy and the sole goal of business organization, they will not strive for moral excellence or pay attention to moral exemplars. As long as our disciplinary silos and we, as faculty, make our ideas, problems, and ways of thinking
opaque and inaccessible to students, we will leave students “clueless in academe,”[xii] and lacking in any sense that they are part of a nurturing community.

I will leave a discussion of details for another essay. Until then, I will pray for the ability to use my imagination, as St. Francis believes essential, to excite a passion for the possibility of a new business world and a new world of business education.[xiii]

[ix] Dobson, p. 96.
[xiii] Paraphrased from Dailey, Praying with St. Francis de Sales, p. 24.

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