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Can We Teach Character? An Aristotelian Answer

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Business ethics courses can help improve our students' ethics by teaching them about character, as opposed to just principles, the application of which creates difficulties. In particular, we can help our students consider their values and realize them in practice. According to Aristotle, ethics is about virtue, which is a matter of one's own well-being primarily, but as we are rational and social creatures, this state of well-being entails having what we would consider good moral values. Does good character really serve the agent's interests? Yes, if the agent has the right interests, and interests can be cultivated to some degree. One's values must be coherent, and one must be able to discern the salient moral features of the situations with which one deals. These are marks of good character, which the culture of one's organization may nurture or undermine. We arrive at principles supportive of good character by reflective equilibrium, a process like what Aristotle calls dialectic. Case studies assist our students in developing good character and learning to bring it to bear in complex situations, as some recent research has suggested is possible. One way to protect one's character, our students may learn, is to choose a workplace that does not undermine it.

WHAT WE CAN TEACH

What Ethics is About

One might wonder whether business ethics courses are of any value. We sometimes hear this: If character is formed in childhood, how can a course improve a student's character? The question whether good character is teachable, and if so by whom, is as old as Socrates (see the *Meno*, Plato/Bluck, 1961). The issue for us here is whether character can be taught in business school. One is tempted to add, "of all places." I shall argue for an affirmative answer.

The assumption that teaching business ethics entails improving character is at odds with the widespread view that ethics is not about character primarily but about principles that an agent can apply to situations in business or elsewhere to find the right thing to do. But so-called virtue ethicists, following Aristotle's *Nicomachean Ethics* (hereafter *NE*), argue that the moral principles on which we can reach a consensus are usually vague, often in conflict, seldom unexceptionable, hence not reliably action-guiding. MacIntyre (1981) is the best known of these, though Anscombe (1997) and Foot (1997) were pioneers. Williams (1981, 1985), Slote (1983, 1992, 2001), McDowell (1997), and Hursthouse (1999) have been influential as well. Solomon (1992), Koehn (1998), Walton (1997, 2001, 2004) and Moore (2002, 2003) emphasize virtues and character in business ethics.

Even most of these virtue ethicists do not entirely rule out principles, however. A generous person acts according to principles derived from the nature of generosity; so Hursthouse argues concerning what she calls v-principles. For example: a generous person happily lends money to needy friends even if they may not be able to pay it back. As generosity is a virtue, one ought to act on the principle (among others) that one should happily lend money to needy friends even if they may not be able to pay it back. An ungenerous person can know the applicable principles but be stingy anyway; so what good is mere knowledge of the principles?

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Even if an ethical person is one who acts according to certain principles, it does not follow that the best way to teach Smith to be ethical is to give her principles to follow. By analogy, we can show that she is an excellent employee by stating her sales figures, but a training professional will focus on her knowledge and skills as a way of improving her sales figures. The analogue in ethics is improving Smith's character as a way of causing her to act according to appropriate moral principles (see Hartman, 1998: 547f.).

A virtuous person is a person of good character. We may define character as one's standard pattern of thought and action with respect to one's own and others' well-being and other major concerns and commitments; so, approximately, Kupperman (1991: 17). Character includes virtues and vices and entails certain values, dispositions, and emotions as well as actions. Aristotle suggests not only that one's character ought to be consistent over time and coherent at all times, but also that character is essential to personal identity. In a person of good character, virtues and values are reinforced by appropriate dispositions and emotions. And why is character important? What could be more important? Maintaining your character is tantamount to continuing your life (see *NE* IX 4: 1066a13–29, b7–14).

According to Aristotle, we have certain enduring desires that can serve as premises of so-called practical syllogisms—in effect, as good reasons to act. These desires have to do with our well-being and with our most important concerns and commitments. So a person of generous character acts generously, wants to do so, and thinks it good to do so. If you are generous, you are and want to be motivated by thoughts like this: "Jones needs help, so I want to help him," although one need not be quite so self-conscious. The next-best thing, short of a generous character, is mere acceptance of one's moral obligation: "Jones needs help, so I suppose I ought to help him, so all right, here I go." To be a person of truly generous character is to have and to want to have a settled disposition to help a friend in need, with emotions to match. It entails wanting to be consistently motivated by a friend's need. (A desire to have a desire is what Frankfurt, 1981, calls a second-order desire.) Some of our enduring desires and dispositions, especially those concerning the sort of person we want to be, we call values.

Parents tell children not to lie, as employers tell new employees not to be late for work. Beyond that, however, many parents raise children to be honest—that is, to be inclined not to lie, to feel some repugnance when lying even in circumstances that justify it. A v-principle that proscribes lying will be fairly unresponsive to utilitarian considerations. Employers, similarly, want employees to work well out of genuine loyalty. Virtues involve certain dispositions and attitudes. Consider gratitude: When you give me a generous gift, I ought not only to thank you but also to be actually grateful. Ethicists who rely just on principles have a hard time saying why one ever has an obligation to be grateful, or to care about one's employer's success. But those who believe that one has an obligation to be grateful must defend the view that one is morally responsible for one's feelings, which are not typically voluntary. Aristotle suggests that while you cannot make yourself feel grateful on a particular occasion you can over time become the sort of person who is grateful on appropriate occasions (see *NE* I 3: 1095a2–13). If he is right, it is not absurd to try to help make a student a certain sort of person.

Teaching Ethics

Even if we cannot mold our students' character, business ethics courses have some value if they help students who already want to be ethical businesspeople get better at it. Business ethics courses can encourage morality by raising critical questions about the standard economist's definitions of morally significant concepts (utility, maximization, and rationality, for example) and presuppositions about behavior (facile egoism, for example). We can also teach well-meaning students some techniques for deciding what the right thing is. We can teach them how to create organizations that encourage rather than punish doing the right thing. All this is worthwhile, but recent corporate scandals suggest the need for business ethics courses that will improve the character even of those future businesspeople that are not clearly predisposed to work and play well with others. My claim is that a business ethics course can improve students' character by helping them think critically about their values and realize them in practice. Those two activities are essential to character development.

Still, no ethics course will much affect a student who, after careful consideration, believes that the one who dies with the most toys wins in the zero-sum game that is business and that s/he wants to be such a person. Nor can we do a great deal for people incapable of developing any skill in dealing with complex situations, or those incapable of doing anything other than what nearly everyone else is doing. Not every student is in such bad moral condition, however, and we can reach the ones that are not.

Aristotle on Well-Being and Ethics

Character and Interests

In Aristotle's view, every substance, including the human being, has an essence and an associated end or purpose. We are essentially social and reasoning creatures; our natural end is therefore to live in communities and to think and act rationally. If you reach your actuality as a person, you are virtuous (or, on an alternative translation, excellent). You are in a state of *eudaimonia,* a particularly broad, deep, long-lasting form of well-being characteristic of good character and psychological health—health being a normative notion (see especially Prior, 2001). Aristotle would find asking what reason I have to be virtuous as odd as asking what reason I have to be healthy.

Aristotle holds that your character is a matter of what you enjoy doing (*NE* II 3: 1104b5ff.): good things if you are a good person, bad things if you are a bad one. Good character is therefore a matter not only of doing the right thing but also of having the right desires and emotions (*NE* X 8: 1178a9–24, etc.). You should be grateful for kindnesses, angry if and only if you are seriously wronged, sympathetic toward the wretched. If you do the right thing while gritting your teeth, you are not really a person of good character, and virtuous action is not in your best interests. The person of good character has an enjoyable life, acting rationally and doing good things, unless misfortune intervenes.

Elster (1998), who acknowledges a debt to Frank (1988), argues that certain emotions supplement rationality. His view is similar to that of Aristotle, who believes that desires may be rational or irrational, whereas Hume and those that he has influenced believe that rationality is a characteristic only of the way in which we choose means when the desired ends are given. In any case, there is broad support for the view that appropriate emotion is required to support moral behavior. Psychopaths typically know what is right, but their knowledge has no emotional support; so say Cleckley (1976) and Hare (1993). The brain-damaged Phineas Gage, described by Damasio (1994: 3–33), is an excellent and appalling example.[1]

Aristotle's view raises an obvious question for us, who think of ethics as encompassing others' interests, not just one's own. What reason is there to believe that being a person of good character in Aristotle's sense is good not only for that person but for others too? To put it another way, why is a virtue like generosity, for example, good for the agent? Aristotle's answer is that, since human beings are social creatures, the good life, hence good character, involves living satisfactorily in a congenial community. So your virtues cause you to benefit your family and friends and people in your community. We can think of an organization as a community—arguably the emerging preeminent kind of community. Virtue ethics in the Aristotelian tradition takes status in the community seriously, does not presuppose equality as a good, and deemphasizes rights. So it fits well with how most people view organizations and their employees. As Walton (2001, 2004) notes, in *NE* III Aristotle describes a good *polis*—not unmanageably large, united in purpose, with distributed but not necessarily democratic decision-making authority—much as we would a good organization.

Aristotle's form of egoism is useful in dealing with business students, who want to know how studying ethics can add value to a career in business. Kantians would argue that morality needs no support from self-interest, but Aristotle's claim that psychological health and good character coincide speaks to our students' self-regarding concerns. Aristotle argues that if you behave stingily, you will become a stingy person. But what if you want to be a stingy person? Won't you enjoy your stinginess? Why then should our students try to be people of good character? Getting to Aristotle's answer requires considering his moral psychology. In doing so I largely agree with Irwin (1988), but Nussbaum's (1990) and Sherman's (1994) accounts are useful as well.

Values and Strength of Character

We say that people of good character have good values. That formulation does not distinguish between values in the moral sense—the usual meaning of the term *values*—and what one considers good for oneself. From the point of view of Aristotle's brand of egoism, however, it makes sense to say that the two are identical. This is not absurd. Many people who give values any thought would prefer to be driven by morally good ones (Jones & Ryan, 2001). We have enough self-respect that we like to think of ourselves as wise, mature, rational, and courageous. I perform a vindictive act and tell myself that it is just. I lose my nerve in confronting the boss and tell myself that I am being diplomatic. So we provide students with motivation as well as information when we teach them that, for example, courage requires not acting impulsively in a macho culture.

[1] Haidt (2001, esp. 824) discusses these works in an article on emotion and reason. Walton (1997) notes similarities between Aristotle's views and Damasio's.

Wise and mature people have desires largely determined by their values. In fact some philosophers (e.g., Watson, 1982) regard this determination as definitive of autonomy. Ideally we would want to be so strong in character that we can choose to be a person with emotions, values, and desires that are consistent and good for us. That degree of autonomy is rare, like being able to decide to crave salads more than doughnuts. Aristotle claims that the right upbringing in a good community and long practice are necessary, though not sufficient, to make us value and choose the right things. So one way to choose to be a certain sort of person is to choose to be in a certain sort of community.

Most of us have limited strength of character. We cannot choose to enjoy courage and generosity at all times; we find them occasionally burdensome. And while one can habituate oneself to like doing the right sort of thing, there are limits: No normal person can learn to like root canal surgery. Good people will not suffer the discomfort of pretending to be, say, congenial, but virtues sometimes impose costs. Courage would not be courage if the courageous person did not sometimes pay a price for it. Honesty entails opportunity costs. But despite whether doing the honest thing always pays, if you are a virtuous person you think yourself better off on the whole for being the sort of person who is inclined to do the honest thing.

What Is Good About Good Character: Choosing One's Interests

But why, a business student might ask, is it in my interest to be a person of good character rather than a stingy person? How do I know I'll enjoy it more? On the Aristotelian view, those are wrongheaded questions. Here is a better one: Given that you want to serve your own interests, *what do you want your interests to be*? Do you want to be the sort of person who enjoys only overwhelming financial success? Or the sort of person who enjoys a life in which work plays an important but not dominant role and in which that work offers challenge, variety, growth, association with interesting people, and compensation that lets you live comfortably? The question is not which one our students prefer. It is a higher-order question about *which one they would choose to prefer* if they could choose. That question cannot be readily answered by reference to self-interest, since it is hard to see what would count as a straightforwardly self-interested answer to the question, "What do you want your interests to be?" (see Hartman, 1996: 80–83 and 134f. and Elster, 1985: 109–140 on what the latter calls adaptive preference formation).

There is a wise answer to that question if, as is probable, most MBA students who give the second answer are happier in the end than those who give the first. Huge wealth is hard to come by, and many people who achieve it enjoy it less than they expected to. Many who have retired from a successful career say that if they had it to do over again they would spend more time with their families. Why didn't they? Perhaps they were committed to a conception of the good life based on peer pressure rather than reflection.

Students need to understand that things can go wrong because they can have mistaken beliefs about the benefits of what they want. Most people are not very good at "affective forecasting," as it is called. Gilbert, Pinel, Wilson, Blumberg, and Wheatley (1998), Loewenstein and Adler (2000), and others offer evidence that we cannot accurately estimate how happy or unhappy some future event, or our future success, will make us. Hence it is not easy to know what sort of life you can enjoy. We can begin to teach our students the necessary self-knowledge and self-control by encouraging them to reflect on their assumptions about what will make them happy.

What should their reflection tell them about choosing a conception of the good life if it cannot be done just on the basis of self-interest? The Aristotelian view is that a wise person will choose to be rational and social because that is the nature of the human being. Indeed, we would probably reject the life of an animal or a happy idiot as being unworthy of a human being, and would probably not choose a life so barren that the smallest gains make us feel wealthy and the most humdrum activities excite us (see Sen, 1987: 45f). Aristotle sees no necessary connection between desire fulfillment and happiness, and he would invite us to infer that we are better off consulting human nature, rather than our own unreliable expectations and desires, on the question of what will make us happy. In any case, a life empty of what is characteristically human falls short of Aristotle's conception of happiness—and ours too, since few of us envy happy idiots.

Even if we can never agree on an appropriate conception of the good life, our consideration of the issue shows how facile is the usual talk about one's interests and one's pursuit of them, and helps undermine students' unreflective assumptions about them. Perhaps under the influence of economists, we tend to believe that interests are fixed and easily identified. We also tend to believe that ethics is opposed to self-interest—that if Jones is an ethical person, he characteristically puts others' interests ahead of his own. (And if Smith does the same, how will she and Jones deal with each other?) These tendencies make it easy for our students to assume that success is a matter of satisfying one's greed and that it has little to do with ethics.

Coherence and Integrity as Reasons for Good Character

Whatever life you choose, Aristotle believes, it should have a certain wholeness, as he suggests in saying that the continuation of character is the continuation of one's life. Just as a substance is not a mere pile of stuff but has a certain form and purpose, as Aristotle argues in the *Metaphysics*, so a life is more than just a succession of experiences. Part of his message is that happiness requires desires that are consistent with one another and with one's values, and actions that are consistent with one's desires (so he says at *NE* IX 4: 1066b7–11). In this he is echoed by psychologists like Festinger (1957), who argues that people desire coherence in their views. Chaiken, Giner-Sorolla, and Chen (1996: 557) argue, similarly, that one wants all of one's attitudes and beliefs to be "congruent with existing self-definitional attitudes and beliefs."

If you are in that state of coherence, we would say, you have integrity. If not, you will sometimes desire, and may get, what you do not value. Valuing courage, you wish that you looked forward to making the crucial presentation or did not dread giving the boss negative feedback, but you are less courageous than you would like to be. You are better off as well as more virtuous if your values and desires are consistent throughout. Most of us, alas, are not like that. Valuing good health and attractiveness, we wish the doughnut were not so tempting. Valuing success, we envy those who look forward to the required challenges. Or worse, as Luban (2003, esp. 281–283) has argued, we may rearrange our desires and even restate our values to rationalize our actions. That is the kind of coherence that Luban finds in Festinger. What is required, and difficult, is choosing values rationally and with some detachment from what is immediately attractive and then acting on them—or at least, when we have not acted on them, accepting that we have not.

Integrity in this sense is probably not sufficient for good character or for happiness, but it goes some distance in the right direction. It is not possible to be both stupid and wise, or both irrationally risk-averse and courageous. On causal rather than logical grounds, there are difficulties in prizing both idleness and personal achievement, or heavy drinking and fitness, or feeling free to be offensive and having many friends. But can't you do well if you hide your hostility or rapacity? Aristotle says no. If you do it for strategic reasons, as when people are watching, you will be doing something that you don't enjoy (*NE* IX 4: 1066b7–14). In any case, like it or not, you are a communal being, and your happiness depends in part on your being a productive and congenial member of the community. So you have good reason to be virtuous, and not merely to act sometimes as though you were.

Most of us would recognize a greater variety of possibly satisfying lives than does Aristotle. In fact, most of us think that the room for choice among possible lives is itself a good thing. At the same time we respect the limits on that variety that are implied by the requirements of our nature. As our students plan their lives, we should encourage them to consider their strengths and limitations, their opportunities, and what they can and cannot learn to enjoy. Some of them really will turn out to enjoy a life of intense competition and high risk, but we should not let them thoughtlessly assume ahead of time either that whatever they happen to want is possible or that they will enjoy it if they get it or that it would be a good thing if they did.

Community and Culture

Organizations Affecting Character

We are essentially social creatures, and our character is malleable and vulnerable to some degree, for organizations exert a powerful socializing and sometimes corrupting influence. Sennett (1998) argues that this influence is usually inhospitable to good character, but it need not always be. We can teach our students how corporate culture, as well as structures and systems, can be deployed to encourage and accommodate good character. Aristotle argues in *NE* I 2 that politics is the culmination of ethics insofar as it creates a state that teaches and supports good characters (see Walton, 2001, 2004, and Moore, 2003, against Koehn, 1998, on this point). A community goes a long way toward determining its citizens' values—what they count as success, for example—for better or worse. By providing role models and in other ways, the culture of a community may make a citizen want to be a certain kind of person, motivated by certain considerations and not others. We can say the same of corporate communities, and perhaps infer that management rather than politics is today the culmination of ethics.

There is voluminous evidence that organizations support or oppose ethical behavior. Fritzsche (1991) argues that organizational forces may drive decisions more than personal values do and (2000) that organizational climate can raise or lower the probability of ethical decisions. Jones and Hiltebeitel (1995) find evidence of the effects of organizational expectations on ethical choices. Sims and Keon (1999) argue that the organizational characteristics that most influence employees are situationally determined, so the organization can foster both ethical and unethical decision making. Trevino, Butterfield, and McCabe (2001) offer a detailed and complex account of the effects of ethical climate. I have argued (1994, 1996) that corporate culture can affect an employee's second-order as well as first-order desires: People in the grip of a powerful culture adopt the local values and definition of success and want to be motivated by what motivates their colleagues.

So great is the influence of the organizational setting on employee behavior that Harman (2003) and Doris (2002) argue that character does not matter. They base their conclusion in part on the arguments of social psychologists such as Nisbet and Ross (1991) and invoke the familiar works of Milgram (1974) and Haney, Zimbardo, and Banks (1973). But as Solomon (2003) points out, even in the Milgram experiment there were a number of people who walked away. Trevino (1986) seems judicious in arguing that both organizational and personal attributes affect behavior. Many of the arguments of those who dismiss character as an independent variable would work equally well against the concept of rationality, which Aristotle takes to be a great part of good character (see Rabin, 1998, and especially Haidt, 2001: 827f.). That people act irrationally in ways not emphasized by most economists is a familiar truth with a huge literature attached (Kahneman & Tversky, 2000, are preeminent on this issue) but not one that leads us to discount it in all explanations.

We teach our students about organizational culture because we believe that as employees they will be able to respond to it by recognizing it and taking its possible effects into account. Few people who know of the Milgram experiment would be so obedient if they were subjects in a rerun of it. Former students who have learned about the experiment in a business ethics course testify that they do sometimes think of it when they are in similar situations, and act accordingly. Beaman, Barnes, Klentz, and McQuirk (1978) show that people can be inoculated against crowd-induced culpable indifference by being taught to recognize the crowd's influence and to act appropriately despite it (see Slater, 2004: 109f.).

One might object that the available evidence shows only that one's behavior and immediate desires are affected by the ambient culture; one's character is a different matter, a harder thing to change and hard to measure as well. But what Aristotle means by character encompasses not only values but also the readiness to act on them and the ability to see how to do so in a particular situation, however complex or difficult it may be. Some people sincerely espouse a certain value—say, the importance of courage—but do not act on it because they do not recognize that speaking one's mind in this situation is what courage requires. They are sincere, but they are not courageous. An organization can do that to you. On the basis of a number of studies of the impact of corporate culture, Chen, Sawyers, and Williams (1997) conclude that ethical behavior depends on the employee's ability to recognize ethical issues and that this ability appears to be a function of corporate culture more than of individual employees' attributes.

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This is an important finding about culture and character. According to Aristotle, understanding morally complex situations under salient descriptions and having the appropriate emotional reactions to them are central to character.

Character and Its Development

Ethical Knowledge and How It Fails

Aristotle says that having a virtue entails knowing (though not necessarily being able to state) a principle of the form "It is a good thing for a person to act in a certain way." For example, "It is a good thing for a person to eat dry food." This is not to say that Aristotle believes that dry food is appropriate for all human beings in all circumstances, or that in general his first premises are foundational or unexceptionable principles of either nutrition or morality. Specifications of principles of that sort typically function as first premises of practical syllogisms. So you may start your deliberation with this thought: "Eating dry food is good (i.e., nourishing) for a human being." Since Aristotle assimilates the prudent and the ethical, he would also accept as a first premise "Respecting other people's property is good (i.e., just) for a human being." But Aristotle wants to explain a phenomenon that we may regard as a mystery: We can claim with apparent sincerity to value something—to know that it is good—but intentionally act against our value.

Imagine a person well informed about nutrition having breakfast. The choices are granola and a doughnut. The breakfaster knows that granola is better for human beings than are doughnuts, but eats the doughnut because it is delicious. Similarly, the person who knows that it is good to respect others' property may dump some garbage in the neighbor's field even though s/he knows that that is no way to achieve long-term psychic satisfaction, just as eating doughnuts is no way to achieve long-term health. In both cases the agent acts against his or her values.

What has gone wrong? According to Aristotle, one can intentionally do what one does not value because there is something to be said for, as well as against, eating doughnuts and running from the enemy. One common form of weakness of the will is a matter of acting on the wrong one of conflicting principles. Indeed, in ethics, multiple considerations push us in conflicting directions, and there is no algorithm for choosing the right principle every time. That is a problem about ethics based on principles. If you are a loyal employee of a generally good company in which people whom you respect decide to do something that you consider sleazy, how do you apply appropriate moral principles as you decide what you should do about it? That one should be loyal to one's generally good employer and that one should be courageous in confronting immoral behavior are two good moral principles, good v-principles in Hursthouse's sense. According to Aristotle, in many such cases the best we can do is to rely on the intuitions of an experienced person with a good moral track record—that is, a person of practical wisdom (*phronesis*; the word is sometimes translated as prudence). If s/he says, "I'm just not comfortable with that," Aristotle takes the discomfort seriously, for that emotion has cognitive weight.

One can act on a wrong principle as a result of choosing an action under a description that, although accurate as far as it goes, is inappropriate, often because it focuses on the short term and the narrow gauge. If I had practical wisdom in Aristotle's sense, I would not crave the doughnut so much, because I would not focus so much on its positive properties; hence, I would not act on the principle, "If something will taste delicious, one should eat it." In the same way, Arthur Andersen's auditors might have described their misdeeds in the Enron case as "good client service" or "aggressive accounting" or even "billing a lot of hours." Those characterizations were accurate, but less salient than "misrepresenting the financial position of the firm." It is common enough: Darley (1996) describes the phenomenon of ethical rationalization, which Jones and Ryan (2001) attribute to a desire to be, and be considered, moral. Auditors with higher professional standards would act on the ethically salient description of the action. Most auditors could not have offered a coherent argument from their own values that the short-term gain made by giving good client service justified misrepresenting the financial position of the firm. So why did the Arthur Andersen auditors do it? Because they were ignoring the salient descriptions and focusing on the ethically inessential ones, as one might wolf down a delicious, satisfying doughnut without giving adequate attention to one's need to lose weight.

Perceiving Correctly

It is Aristotle's view that the person of good character perceives a situation rightly—that is, takes proper account of the salient features of a situation. As you perceive that a particular figure is a triangle, so you perceive that a particular act is a betrayal, though the latter is harder to do with assurance. According to Aristotle, perception involves imagination (the standard translation of the Greek *phantasia*): The faculty of imagination is operating when you understand what a perceived object is, or when you grasp the moral quality of an act; in either case you grasp the essence of the item. You are morally responsible for understanding the act correctly. If you get it wrong—that is, fail to apprehend the morally salient features of the situation—then you have a character flaw (*NE* III 5: 1114a32–b3). A person of good character will perceive that a certain act is courageous rather than foolhardy, generous rather than vainglorious, right rather than wrong, and will act accordingly. An irascible or phlegmatic person will take offense, or not, inappropriately. *Moral imagination* is the faculty that correctly "frames" morally significant states and events. Johnson (1993) has an influential book on the subject. Werhane (1999), Moberg and Seabright (2000), and Hartman (2001) assess its importance for business ethics. Vidaver-Cohen (1997) considers how organizations can encourage moral imagination. Chen, Sawyers, and Williams (1997), noted earlier, show how they can do the opposite.

One advantage that persons of good character have in assessing a complex situation is that they have certain fairly inflexible v-principles to apply. For example, a consultant may be honest and therefore have a personal rule against ever lying to a client. When a situation arises in which failing to lie would damage the consultant's relationship with the client and lead to avoidable bad consequences for the client, the consultant must take "lying to the client" to be a salient description of any action of which it is true. "Preserving the relationship" or "preventing consequences A, B, and C" cannot be salient for such a person. This inflexibility may not give the best result in every case, but it is best in the long run for the agent's character, and it is a barrier to rationalization (see Luban, 2003: 307f.).

Moral imagination involves intelligence and rationality, although it is not a matter of finding an algorithm for deciding among moral considerations. That is all right with Aristotle, who, though he distinguishes intellectual virtues from moral ones, understands how closely they are related. Practical wisdom shows up in both moral and prudential guises. He does not give points merely for meaning well. The Aristotelian position gets support from Haidt (2001), who relies on the findings of Blasi (1980) and Kohlberg (1969) to argue that intelligence is a causal factor in good moral reasoning and behavior.

Ethical Vocabulary and Perception

Vocabulary is one of the prime vehicles of culture, as Schein (1985) and others have argued. In an organization in which people are called decisive and risk accepting with approval, the culture may create peer pressure that encourages shortsighted disregard of possible costs. One who acts on impulse will be called strong. One who prefers moderation or consideration of alternatives will be known as a wimp. A European at Salomon Brothers who goes home at the end of the afternoon rather than stay and be seen working late is a Eurofaggot (Lewis, 1989: 71).

A person of good character in Aristotle's sense knows genuine strength and cowardice when s/he sees it. The ethical manager cannot readily change an employee's character, but s/he can help that person to consider the difference between (say) courage and the readiness to succumb to macho peer pressure. A business ethics course can begin that educational process. One of its most important functions is to help students become more fluent in the language of right and wrong, of virtues and vices, without which their moral imagination will be impoverished, and there is little chance that they will give salient descriptions of morally significant situations.

The vocabulary of character is not a foreign language to businesspeople, despite what they have been taught in economics courses about utility and rationality and other such concepts. Most businesspeople do regard honor, courage, and respect for fellow workers and competitors as virtues. Most would say that it is the legitimate purpose of financial statements to give a clear picture of the financial condition of a firm. But some people in Enron who might have objected on ethical grounds if a secretary had taken some office paper home did not see anything wrong with creating special purpose entities whose special purpose was to hide losses.

A good business ethics course can give students practice in seeing and describing states and events in ethical terms, as a first step toward understanding their morally salient features. Questions like "Would I want my act to be publicly known?" invite students to consider how others might describe the action. But such questions, like the principles that they presuppose, must be accompanied by a mature sense of right and wrong and of what is salient in a particular case. That sense needs to be exercised and developed, given a language, and sharpened by critical analysis. Even then it may be overridden by social pressure or inattention or anything that causes people to perceive and describe their actions inadequately, particularly if the corporate vocabulary and emotional reaction become their own. The Milgram experiment shows how readily people deal with conflicts between their values and some immediate pressure. So if their moral language is impoverished or insufficiently exercised, they may latch on to some other, nonsalient description of the situation: "I am helping Dr. Milgram, who knows what he's doing," rather than "I am torturing innocent people." They may ignore their emotional reaction, and in due course it will go away.

Virtues and Principles: Dialectic and Reflective Equilibrium

This may leave us still wondering how, exactly, a virtuous person is supposed to act. Telling someone to be honest sounds like good advice, but in the absence of quite specific principles there may be a question about what an honest person should do in this or that difficult case, such as whistle-blowing.

To begin with, as I have stated, Aristotle does not reject principles, which in his case are typically essential descriptions of virtues. So, for example, to act courageously entails acting because one understands that a certain act needs to be done in spite of the risks involved, although the principle identifying this act as courageous may not come explicitly to mind at the moment of action. Our account thus far suggests that Aristotle believes that one ought to act on principles consistently, that the principles themselves should remain in force over time, and that a good person's principles form a coherent body. He does not, however, believe that their application is always straightforward. He takes them seriously as a carpenter or a navigator (*NE* III 3: 1112a5–7) or a physician or a comedian (*NE* IV 8: 1028a23–34) must take seriously the principles of carpentry or navigation or medicine or comedy, but not as the geometer takes seriously the principles of geometry (*NE* I 7: 1098a29–34). The difference is important: We know just how to apply the principles of geometry to a geometry problem, even a problem in actual space and time. But although ethics is not geometry, Aristotle believes that principles have something to do with sound moral judgments. Many present-day virtue ethicists agree. Nussbaum (1990), Hursthouse (1999), Foot (1997), and others argue that we can apply principles but must be wise about it. McDowell (1997) dismisses principles, but his is a minority view.

Aristotle holds that one arrives at acceptable principles—necessary but not sufficient conditions of acting out of good character—by the process of dialectic. This process usually starts with common opinions, with the intention of finding as moral premises principles that are consistent with those opinions and explain them, or improve on them insofar as they can be proved wrong (see *NE* VII 1: 1145b4–8, for example).

One wants to reach a state in which one's beginnings (*archai*) form a coherent whole. When Aristotle speaks of beginnings, he sometimes has in mind what we would consider moral principles, while at other times he is thinking of particular moral judgments. The ambiguity is confusing, but he explicitly claims that a starting point of an argument that leads to a principle is called a beginning while the principle itself is a beginning in a different sense: It is the starting point of the justification of a particular judgment (see *NE* I 4: 1095b6 and I 7: 1098b2, for example). Here we may think of Rawls's (1971: 48–51) reflective equilibrium: One compares one's principles and one's considered judgments about particular cases and adjusts both in an effort to make them consistent. Neither the principles nor the judgments are prior; each is subject to adjustment by reference to the other. If our principles are nothing more than the result of rationalizing the intuitions on which we act, as Luban (2003) is led by Festinger (1957) and others to think may often be the case, then our intuitions are prior in an impermissible way, and likely not very good. In the case of wide reflective equilibrium, so called by Daniels (1979), we bring in pertinent science, settled beliefs about human nature, and other facts as background.[2] Wide equilibrium seems to represent Aristotle's views pretty well. At our moral best we have a set of background beliefs, intuitions, and principles that cohere, with emotions to match.

Hursthouse (1999) and Irwin (1988) take an approach similar to reflective equilibrium as a way of thinking about virtues. We might say, in the spirit of Aristotle, that a person is virtuous when s/he has intuitions and perceptions and emotions and principles that cohere, and acts in a way that expresses them. Rawls has in mind logical rather than psychological coherence, whereas Aristotle seems to be thinking of both, although he does not sharply distinguish them. When Aristotle says that understanding should be part of our perception, he implies that the intuitions of a moral person will incorporate the right principles into a particular judgment. Arras (1991) makes a similar point in discussing the advantages of casuistry in medical ethics. Among business ethicists Nielsen (2001) sounds similar to Aristotle here, as does Van Hooft (2001).

We do not make sound moral judgments by beginning with a certain notion of, say, *fairness* and then applying it to business or politics or any other area of life. The notion of fairness has little substantive content if separated from all these areas. Suppose we say that it is unfair to treat talented people differently from the way we treat untalented ones. So those whose talent lets them contribute more to the economy do not deserve more votes. But many of us do think that employees should be paid according to what they contribute to the bottom line—a principle that is utilitarian in that it creates an incentive to do what they can to contribute. Whether they deserve better medical care is not immediately obvious. In fact, philosophers have always struggled with the notion of desert. If we ever do reach a consensus, it will be hard-won from experience.

Reflective equilibrium should have some appeal for both principle and virtue ethicists. While the former emphasize principles, the latter have an interest in judgments—in Aristotle's case, those of

[2] See Calkins (2004: 34f.) for an application to wide equilibrium to virtue ethics.

wise and experienced people—about particular situations. Aristotle holds that virtuous people must trust their intuitions where principles compete or are hard to apply. People of inferior character often do the wrong thing not because they have bad principles, though many do, but because their intuitions do not lead them to apprehend the situation under the right principle. They may act on a principle that social pressure forces on them, or one that rationalizes their previous behavior.

Experience and Its Wisdom: Learning and Living

Aristotle does not claim that dialectic is either necessary or sufficient for good character. The usual process of moral growth is a gradual one, part of a life lived in a good community. Experience of that sort is the best teacher. There were some wise old heads at Arthur Andersen who did grasp the salient descriptions of the sleazy actions of their auditors and others at Enron (see *Chicago Tribune,* 2002) and no doubt had emotional reactions that supported their view. Unfortunately in the Enron case the winning intuitions were those of people of bad character, who acted on the principles that were not morally salient.

If Aristotle is right, business ethicists should have great respect for the opinions of intelligent people of good character who are experienced in business. The moral philosophers' contribution will be to compare these intuitions to one another and to moral principles with a view to sharpening both. We want our students to have values that are coherent and achievable without catastrophic cost. We want them to have principles and intuitions that form a fairly coherent set, and to learn how to apply the principles appropriately with the help of the right emotional reactions. We also want them to have desires that are consistent with their values insofar as possible. An accountant of good character will value both good client service and transparency for the benefit of the public, but will normally give the second consideration priority when they conflict.

How does one come to apprehend courage? One is told as a child that this or that act is courageous, or not courageous but cowardly. Over a period of time one comes to have a pretty good sense of what courage looks like, and then through dialectic—that is, roughly, philosophical conversation about the concept—one acquires a real understanding of courage and its contraries, cowardice and foolhardiness, and reliably identifies instances of them. In the best case, the moral intuitions are consistent with the principles— for example, definitive statements about courage and cowardice—although one's understanding of courage will never lead one to a principle that gives the precise necessary and sufficient conditions of courage, since that kind of precision cannot be expected in ethics (*NE* I 3: 1094b23–27). So Aristotle says (*NE* VI 11: 1143a35–b5) that the correct perception (*aisthesis*) of a particular act as being the sort of act that it is—say, perceiving that a certain act is cowardly, hence not to be done—involves the faculty of understanding (*nous*). In the ethical case it also involves emotion, which entails cognition: The emotions of a person of good character are an indicator of the moral quality of an actual or possible act. So, for example, an unjust injury to a courageous person provokes his or her indignation, which leads to a response that is appropriate given the risks involved.

From this we might infer, as Aristotle does, that a long life in a good community is a necessary condition of becoming a person of good character. So what does a course in business ethics do to help in developing the kind of character that generates morally salient descriptions of complex situations with emotions and motivations to match? It plays the part that dialectic plays in Aristotle's understanding of moral education. First, we offer students case studies that sharpen their moral perception much as experience does, and we offer analysis of them based on wide reflective equilibrium, and we thereby enhance moral maturation. Second, we encourage students to engage in critical analysis of their values with an eye to what is coherent and sustainable. As a result of this analysis, our students will be better equipped to choose courses of action, and even a career path, that will support rather than undermine or alter their values.

Ethics and Strategy: The Value of Case Studies

We already have at hand a way of teaching business ethics so that our students begin to learn to see business issues as moral issues and grasp their salient features. The case study method suits business ethics as it suits strategy, both of which require practical wisdom in Aristotle's sense. In a typical strategy course the students read a text and then consider case studies that challenge them to apply the principles in the text to a real situation. This is the beginning of the process of developing their intuitions about strategy. In real-life corporate strategy, as I learned as a management consultant, there is much to be said for trusting the intuitions of an intelligent and experienced person with a good track record. When a manager makes decisions about the strategies to be undertaken by certain strategic business units, there will be some easy cases. Where the market is teeming with opportunity and the SBU is stronger than any of its competitors in all important respects, the strategy of reinvesting for growth is obvious. But there are nonobvious cases, as when a group of weak SBUs can together achieve economies of scale or use slack resources. Even if there were an algorithm permitting the strategist to infer the correct strategy from the available numbers, it is not clear that the value of finding the algorithm would justify its cost. At a certain point the experienced and wise manager must satisfice and make an intuitive decision.[3] Some managers are consistently better than others at knowing which of the many accurate descriptions of a strategic situation is the salient one, although they often cannot say in any detail how they do it. Their track record is evidence of their practical wisdom.

By using case studies we give students experience that supports the development of their moral imagination. We teach them the warning signs of rationalization and ethical anesthesia. We show them cases in which machismo and courage are opposites. When one of our former students goes on to join an organization that is an ongoing Milgram experiment, we hope that there will be a spark of recognition. Complex case studies exercise their moral judgment about particulars, as when justice and economic efficiency conflict. In looking at a case and considering what its salient features are, we are helping students develop moral imagination and thus practical wisdom and thus good character.

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Authors of textbooks do not usually alter the principles that they espouse to accommodate the complexities of business. A business with high entry barriers is not always more profitable than one in which growth quickly attracts new competitors, but we do not expect Porter (1980) to try to list all of the possible exceptions to his general principles. Most virtue ethicists acknowledge that there are situations in which (say) lying would be a useful move for all concerned, but most of them would say that one should not lie even then, because it is bad to be a liar. An analogue in strategy would be the advice that an organization should usually stick to doing what it does best even when the organization does business in a suboptimal way but change would be disorienting.

Our objective is to help our students get better at answering the question, "What shall I do?" The moral imagination required to put one's values into practice is a necessary but not sufficient condition of an adequate answer to the question. The students need a critical understanding of their actual and possible values.

An Aristotelian would take the view that in business, as anywhere else, a life of integrity is a fulfilling life on which one will be able to look back with satisfaction. In spite of the advantages of good character, however, choosing one's character is no easy task under any circumstances. One cannot readily choose which desires to have: Many people are tempted by doughnuts; some are tempted by dishonesty. We can, however, ask students to reflect on what is most important to them and how to protect it. Reading Michael Lewis's *Liar's Poker* (1989), for example, provides an opportunity for this. Does Dash Riprock lead a good life? Is the Human Piranha's approval a good thing? Is selling equities in Dallas inappropriate for anyone with any self-respect? Why? How does Salomon Brothers of that era differ from the Milgram experiment? Knowing about Salomon or Milgram may enable one later to stop and reflect on one's situation, and to do a little moral reasoning rather than rationalization.

There is some encouraging evidence about the possibility of doing that. Beaman et al. (1978) show that people who are taught certain effects of social pressure will act better thereafter. Nickerson (1994) argues that little of the moral reasoning that is taught in the classroom is transferred, but Lieberman (2000) claims that continued discussion in an appropriate environment—what Aristotle would call dialectic in a good *polis*—can make a positive difference. At least we can disabuse the students of the notion that ethics is by its nature opposed to their interests, show how certain virtues are compatible with a good life, and argue that integrity is a necessary condition of it. If, as I suggested earlier, students tend to have some good values already, that should not be impossible.

Fairly Hopeful Conclusion: Choosing a Job and Choosing a Character

Even for those who remember Milgram, corporate culture may be very powerful. By holding out a certain notion of success, a bad culture can thwart

[3] Simon (1954) invented the concept of *satisficing*; Winter (1971) argued that we must satisfice in deciding when to satisfice.

people's ability to reflect on their values and to identify salient characteristics, as it can thwart the strategist's attempt to maintain a long-term perspective and see events from that perspective. But if a strong organizational culture can affect one's character in that way, then the choice of an employer is a most important one. Having been in a certain organization for a while, I may like being the sort of person who enjoys acting ruthlessly, or perhaps the sort of person who takes satisfaction in maintaining a professional attitude. If Aristotle is right, by acting ruthlessly or professionally I can become that kind of person. For some of our students, choosing an employer (or a career; that is a different essay) will in effect be choosing which desires to cultivate, hence choosing a character. The least that we can do is help students understand the importance of that choice and not make it thoughtlessly. If Harman and Doris are right, advocating that form of adaptive preference formation may also be the most that we can do. Aristotle would not accept that choosing the right *polis* is a sufficient condition of developing a good character, but he does believe that it is a necessary condition.

We can intervene here. We can help students examine what their values really are at the moment of choice of a job. We can raise questions about why someone would want to pursue a certain sort of career or join a certain sort of firm, and about whether getting a certain job will be as satisfying as one has anticipated. In so doing, we may help expose the reasons given as incoherent or based on self-ignorance or peer pressure.

Think of Smith, who is considering entry-level positions as she completes her MBA. She has two options: a job in finance at a large manufacturing firm known for good ethics, or a job in an investment banking house known for its competitive environment and its contempt for its customers. Call them Johnson and Johnson and Salomon Brothers. Maybe she is already the sort of person who will be happy in one of those environments but not the other. Maybe, on the other hand, Smith is wrong in thinking that she could not be happy if she were not making a lot of money as the biggest swinging dick in the house. Maybe she has bought into the pecking order in her second-year MBA cohort without considering what sort of life in business would satisfy her. She might indeed go with the investment house and come to feel contempt for those who settle for equities in Dallas, or she might take a job in a high-ethics company and come to enjoy it and be quite happy that she did not go with the investment house. But if Lewis is right about life at Salomon Brothers and the researchers on affective forecasting are right in general, she might achieve success at Salomon Brothers but never find it quite satisfying. Like Dash Riprock, she might always be looking for the next fix. But by the time she learns this about herself, she may not be the sort of person who could enjoy life at Johnson and Johnson, either.

We cannot choose her job for her, but we can help her think about whether a prospective career and even a prospective life can be compatible with values that will sustain her happiness. After she has made the choice, we hope that she maintains the values appropriate to good character and the moral imagination to put them into practice.

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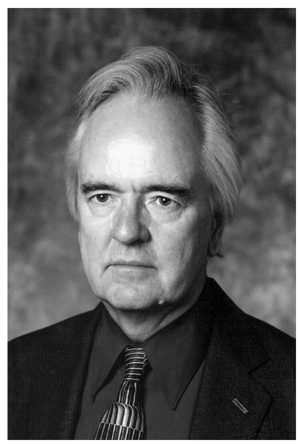

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