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# VIRTUE ETHICS

## TRANSITION TO CONFUCIUS

- Similar to Aristotle, who prepared young men for service in business, government, and the law in ancient Greece, Confucius trained young men to serve as officials in the Chinese emperor's administration.

## SOCIAL UPHEAVAL IN ANCIENT CHINA

- More than a century and a half before Aristotle and on the other side of the globe, Confucius, a wandering preacher in China, also struggled to answer life's questions.
- Confucius committed himself to healing the social divisions that were tearing China apart under the declining Zhou Dynasty.
  - Those divisions led to the “Period of the Warring States,” which persisted for two hundred years after Confucius's death.
    - It was a time of constant warfare and violence.

## SOCIAL UPHEAVAL IN ANCIENT CHINA

- To counter the social disintegration he found everywhere, Confucius looked to the past, or “the wisdom of the ancients.”
- He called for a “return to *li*,” which was the proper order of the universe in which everyone had a role to play and there was harmony in the world.
- Anticipating Aristotle’s golden mean, *li* emphasized the middle ground between deficiency and excess.
  - “Nothing in excess” was its guiding principle.

## SOCIAL UPHEAVAL IN ANCIENT CHINA

- For Confucius, *li* was expressed through ritual acts.
  - When the correct rituals were followed in the right way with the right intention for the right end, all was well.
- **Does this sound like virtue ethics?**

# LET'S DISCUSS

- How do Confucian ethical values complement or differ from those found in Aristotelian virtue ethics?

# CONFUCIANISM

- In classical Confucianism, the practice of virtue constitutes the essence of governance.
- Differing from Aristotelian virtue, Confucian virtue emphasizes relationships.

## CONFUCIAN VIRTUE ETHICS

- Like Aristotle, Confucius stressed the virtuous life, with the goal of creating a *junzi*: a person who was gracious, magnanimous, and cultured: in other words, a flourishing human being.
- A *junzi* exhibited refinement, self-control, and balance in all things, acting neither rashly nor timidly.
- Such a person was the opposite of a “small” individual, who spent his or her time involved in petty rivalries and for whom power was the ultimate measure of success.



## DAO OF HUMANITY: THE WAY

- The keystone of Confucius's deliberate tradition was the *dao* of humanity, or the Way, which established humanity as the answer to rampant lawlessness.
- Confucius believed people were inherently good and that the way to stop inhumane behavior was to make them even better, or more human.
- Three means to do this: “whole-hearted sincerity and truthfulness,” the “constant mean,” and “expediency”
  - Specific virtues like moral character, righteousness, wisdom, courage, respect, filial piety, and simplicity formed part of these means.
  - Someone who lived virtuously became more human, which resulted in a flourishing individual and an ordered world.

## “WHOLE-HEARTED SINCERITY AND TRUTHFULNESS”

- “Whole-hearted sincerity and truthfulness” meant more than sincerity, because even liars can be convincing.
  - The sincerity Confucius had in mind was closer to loyalty, and the thing to which humans had to be loyal was truth.
  - Confucius intended to counter the blind loyalty that had contributed to the eruption of anarchy throughout China.
  - Example: if a subject were called upon to offer advice, the subject had to be truthful, even though the ruler might not like the advice, which actually happened to Confucius, causing him to resign his post as minister of justice in Lu.

## “WHOLE-HEARTED SINCERITY AND TRUTHFULNESS”

- What a subject owed the ruler was not blind deference but the truth, which would benefit everyone in the long run.
- The implications for ethical behavior in modern corporations may be obvious.
  - Reporting unethical behavior as a whistleblower or even standing up for truth in a meeting is sometimes easier said than done, which is why living virtuously requires disciplined practice and the support of like-minded individuals.

## “CONSTANT MEAN”

- The “constant mean” refers to balance between excess and deficiency in an existential and in a practical sense.
- We are to follow the middle path, avoiding extremes of thought and action through ritual acts.
  - we must show balance by performing acts that maintain personal and collective order.
- The *Book of Li* catalogues many of these acts, which form a guide for proper living, indicating the correct way to maintain the five great relationships that support Chinese society: parent/child, husband/wife, elder/junior sibling, master/apprentice, and ruler/subject.

## “EXPEDIENCY”

- The third approach to the Way of humanity was the doctrine of expediency.
- Confucius advocated a practical approach to problem solving which roughly translates to “*expediency*”. If someone is being expedient, they are prioritizing responsive action or getting what needs to get done over tradition and ritual.



# CHINA AND GREECE



## CHINA AND GREECE

- Given the vastly different cultural and historical settings of ancient Greece and China, you may be surprised to find similarities between the Aristotelian and Confucian systems of virtue ethics.

# CHINA AND GREECE

- Not only are there similarities but the two systems share the theme of control.
  - For Aristotle, control manifested itself through the deliberative process resulting in virtuous living, harmony, and happiness.
    - This application of practical wisdom was related to self-restraint, or temperance.
  - In Confucian virtue ethics, control was a function of self-regulation; primitive instincts were held at bay and the person gained the capacity and courage to act more humanely.
    - This achievement of control benefited not only the individual but also the family and, by extension, the nation.
    - Self-regulation was Confucius's way of establishing order.



## LOCUS OF ETHICS

- Despite these similarities between the two traditions, there are differences—the most notable being the locus of ethics.
  - Aristotle placed this locus on individuals, who were called to fulfill their purpose honorably, accepting fate with dignity and aplomb.
    - The basis of this acceptance was reason.
  - For Confucius, the locus was the family, which he envisioned as putting an end to anarchy and setting the nation on its proper course by providing the basic pattern of relationships for personal and professional life.

## PERSONAL AND PROFESSIONAL ROLES

- Another important characteristic of Eastern and Western systems of virtue ethics is the integration of personal and professional life.
- A person could not act one way at home and a completely different way in public, especially civic leaders, merchants, teachers, and rulers.

## THE INDIVIDUAL VS. THE GROUP AS THE BASIC ETHICAL UNIT

- Aristotle's virtue ethics viewed the basic ethical unit—the fundamental agent of morality—as the individual, who lived out his or her worldview publicly.
- A life of virtue took place in the economic and political spheres so that others might participate in and benefit from it.
- In contrast, to Confucius, society as a whole was his concern—specifically, an individual's obligations and duties to various people he had a relationship to, whether it be the government, his parents or an elder.

## INDIVIDUALISTIC VS. COLLECTIVISTIC SOCIETIES

- Which do you prefer? Do you think Western values and Eastern values are all that different?
- Why does Confucianism value the group over the individual?
- Which is best for business?

## ARISTOTLE ON SLAVERY AND WOMEN: ESSENTIALISM

- Certain men are slaves by nature; others by nature free.
- Women are subject to men but higher than slaves. The husband should exert political rule over the wife.
- Women are different from men; they are more impulsive, compassionate, complaining, and deceptive.

## WOMEN UNDER CONFUCIANISM

- A virtuous woman was one that submitted herself to the authority of the men in her life.
  - If she was unmarried, her father controlled her or if he was deceased, her brother.
  - Once married, she be under the complete authority of her husband and father-in-law.
- A woman's nature is to be passive.
- A woman's greatest duty is to produce a son.



**BREAK TIME**





CAN VIRTUE ETHICS BE APPLIED  
TO MODERN DAY BUSINESSES?



## HONORABLE BEHAVIOR IN BUSINESS

- The Greeks thought that business and money were somehow tainted, reflecting Plato's concept that the physical world was an imperfect expression, or shadow, of the ideal.
- Everything in the physical world was less than the ideal, and this included the products of human thought and labor.
- Example, a cow exists in the physical world as an imperfect and temporary expression of the ideal essence of a cow, what we might call "cowness." (This imperfection accounted for the many variations found in the earthly creature.)

## HONORABLE BEHAVIOR IN BUSINESS

- Business, as a human invention based on self-interest had no appreciable ideal, end or “telos”.
  - Money existed simply to replicate itself and was fueled by avarice (the love of money) or greed (the love of material goods).
- “As for the life of the businessman, it does not give him much freedom of action. Besides, wealth is obviously not the good that we are seeking, because it serves only as a means; i.e., for getting something else,” said Aristotle.

## HONORABLE BEHAVIOR IN BUSINESS

- However, in Athenian society, it was acknowledged that business was necessary and that it should be conducted competently and ethically.
- Aristotle therefore praised the creation of money when it allowed shoemakers and housebuilders, for instance, to trade their wares fairly and equally.

## BUSINESS IN ATHENS

- Business was based on the free and fair exchange of goods, which brought not only items of merchandise into association with each other but also buyers, sellers, and public officials.
- The way to ensure ethically sound business was through the exercise of **prudence**, especially in its demand that people act not rashly but deliberately.
- This deliberative aspect of prudence provided a way for buyers, sellers, and everyone engaged in a transaction to act honorably, which was of the utmost importance.

# GREED

- The Aristotelian approach to business did not condemn money making.
- What concerned Aristotle was greed = an excess that tipped the scales of justice and led to scandal.
- The Greeks considered the exercise of greed an irrational, and therefore ignoble, act.
- Only attention to honor and deliberative prudence could save someone from acting foolishly.

## HONOR TODAY

- Business scandals today often arise not from conflicts of interest but from conflicts of honor in which employees feel torn by their allegiance to a coworker, a supervisor, or the organization.
- We wouldn't necessarily use the term honor to describe contemporary workplace culture or corporate mission, but nearly everyone understands the importance of reputation and its impact, positive or negative, on a business.
- Reputation is no accident. It is the product of a culture formed by individual and group effort. That effort is directed, intentional, and ongoing.

## SOME EXAMPLES OF MODERN DAY SCANDALS

- Consider modern day business scandals and whether virtue ethics or something similar could have prevented them



WEWORK







- Did Adam Neuman do anything wrong?
- Or did he just have a dream that did not work out?

# WEWORK

- Was Adam Neuman unethical or just a shrewd businessman?
- Red flags
  - Neuman had purchased the trademark to the "We" name through a holding company, and WeWork paid him \$5.9 million to license it
  - He also used company money to fund what looked like pet projects, including a \$14 million investment into Wavegarden, a company that makes surfing-wave pools.
  - Most worrying, last year's losses amounted to \$1.9 billion on revenue of \$1.8 billion — for every dollar it made, WeWork was spending two.
- Adam Neumann ended up getting a \$1.7 billion payoff to leave company he tanked

## OTHER RECENT SCANDALS

- Enron (2001) - Directors and executives fraudulently concealed large losses in Enron's projects. A number were sentenced to prison
- Bernie Madoff (2008) - Tricked investors out of \$64.8 billion through the largest Ponzi scheme in history. Investors were paid returns out of their own money or that of other investors rather than from profits.
- Lehman Brothers (2008) - Lehman Brothers' financial strategy from 2003 was to invest heavily in mortgage debt, in markets which were being deregulated from consumer protection by the US government. Losses mounted, and Lehman Brothers was forced to file for Chapter 11 bankruptcy after the US government refused to extend a loan. The collapse triggered a global financial market meltdown.

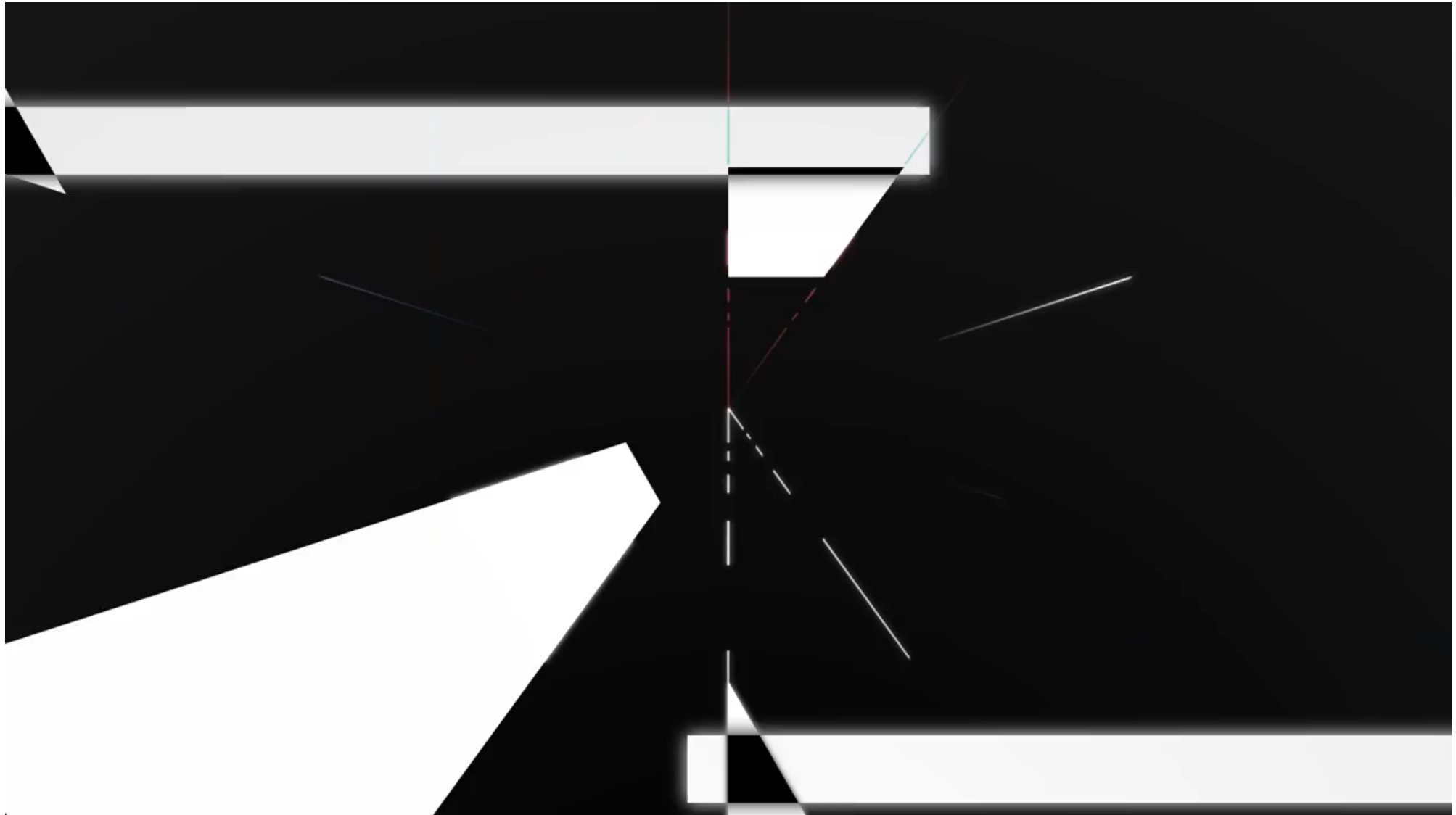
## OTHER RECENT SCANDALS

- HSBC (2012) - A Senate report released in 2012 revealed that HSBC's lax anti-money laundering policies allowed Mexican drug money, Iranian terrorist money, and even suspicious Russian money to enter the U.S. and gain access to U.S. dollar.
- Theranos (2016) - Theranos claimed its technology was revolutionary and that its tests required only about 1/100 to 1/1,000 of the amount of blood that would ordinarily be needed and cost far less than existing tests.



## OTHER RECENT SCANDALS

- Volkswagen (2015) - In September 2015, the EPA issued a notice of violation of the Clean Air Act to German automaker Volkswagen Group. The agency had found that Volkswagen had intentionally programmed turbocharged direct injection) diesel engines to activate their emissions controls only during laboratory emissions testing which caused the vehicles' NOx output to meet US standards during regulatory testing, but emit up to 40 times more NOx in real-world driving.





# FAKE IT UNTIL YOU MAKE IT?

- Is it ever okay to overpromise with the hopes of delivery to get investor money?

## CORPORATE RITUALS AND VIRTUE ETHICS

- Corporate rituals exist, and like all ritual acts, they reinforce cohesion and identity within the group.
- Identifying them helps improve employee awareness, productivity, and, perhaps, happiness.
- Example: New-employee orientation, which is intended to acclimate newcomers to the corporate culture, the company ethos, and the traditions associated with the way the firm does business.

## VIRTUE ETHICS AND LEADERSHIP DEVELOPMENT

- Some have criticized Confucianism for impeding progress in China in areas like education, the natural sciences, and business, because it has failed to adapt to the modern context.
- High-frequency trading, artificial intelligence, and robotics do not work with cultural values thousands of years old, critics say, so what we need is a new consciousness for a new era in human history.
- These criticisms arguably miss the point.

# VIRTUE ETHICS AND LEADERSHIP DEVELOPMENT

- Confucius was interested in the same thing that concerned Aristotle—namely, the character of the person or persons making decisions rather than the decisions themselves.
- The importance of character has been proven repeatedly through business scandals like Enron and the 2008 financial crisis, as well as the recent problems of Uber and Volkswagen, in which personal irresponsibility resulted in disaster.
- Business schools now offer seminars for executives integrating virtue ethics—both Aristotelian- and Confucian-inspired models—in leadership development.

## CONFUCIANISM IN MODERN DAY CHINA

- The recent campaign of China's central government against unethical business practices has made a point of prosecuting executives for corruption in the form of bribery, kickbacks, and embezzlement, demonstrating that some Confucian thought has survived from ancient times.
- Jack Ma, cofounder of the giant Chinese ecommerce site Alibaba, has called this “clean communism,” which might be another way of characterizing the form of state-sponsored capitalism that exists in China.

# INTEGRATION OF PERSONAL AND PROFESSIONAL LIFE

- What might the integration of personal and professional life look like, and how can we apply it within the relationships that are the foundation of business?
- Consider the essence of the virtuous person that each ethical system strove to create.
  - For Aristotle, the virtuous person saw the truth in every kind of situation.
    - Once acknowledged and recognized, the truth could not be denied without compromising honor.
  - Similarly, Confucius taught that “A gentleman will not, for the space of a meal, depart from humanity. In haste and flurry, he adheres to it; in fall and stumble, he adheres by it.”

# INTEGRATION OF PERSONAL AND PROFESSIONAL LIFE

- Despite the emphasis these systems placed on character, character was not ultimately what defined the virtuous individual, family, city-state, or nation.
- Instead, it was the individual's transformation, through education, into a different kind of being who will act virtuously even if no one is watching.
- When the person concentrates on the means used to achieve an end, eventually the means become a way of life even more important than the end itself. It is not merely that the means must match the end, but that they come to define the virtuous person.

## MOTIVE AND AWARENESS

- The integration of personal and professional lives has two effects: motive and awareness.
  - Motive is the willingness to do the right thing because it is the right thing, even though there may be no perceived benefit.
    - It is here that the individual's true nature is revealed.
  - Awareness is the ability to see the ethical dimension in all events, choices, decisions, and actions.





WHAT WOULD YOU DO?



## WHAT WOULD YOU DO?

Imagine a scenario in which Aristotle and Confucius sit down to discuss Chiquita Brands International, a global produce conglomerate that paid “protection” money to right-wing and Marxist guerrilla groups in Colombia between 1997 and 2004 to ensure there would be no violence against its employees, banana plantations, and facilities.

The payment violated the U.S. Foreign Corrupt Practices Act (1977), which prohibits bribes and kickbacks to foreign officials. Chiquita claimed it was the victim of extortion and had no choice.

However, for its actions, it eventually paid \$25 million in fines to the U.S. government. In 2007, a group of Colombians filed a lawsuit against the company under the Alien Tort Claims Act, alleging that, because of its illegal payments, Chiquita was “complicit in extrajudicial killings, torture, forced disappearances, and crimes against humanity” perpetrated against plantation workers by the guerilla “death squads.” The case went to the U.S. Supreme Court in 2015, but the Court declined to hear it.

## WHAT WOULD YOU DO?

- What do you suppose Confucius and Aristotle, teachers of virtue ethics, would say about the Colombians' case, and how would they go about assessing responsibility?
- What would they identify as the crime committed? Would they think the executives at Chiquita had acted prudently, cravenly, or deceitfully?
- What would you do if confronted with this case?



THANK YOU