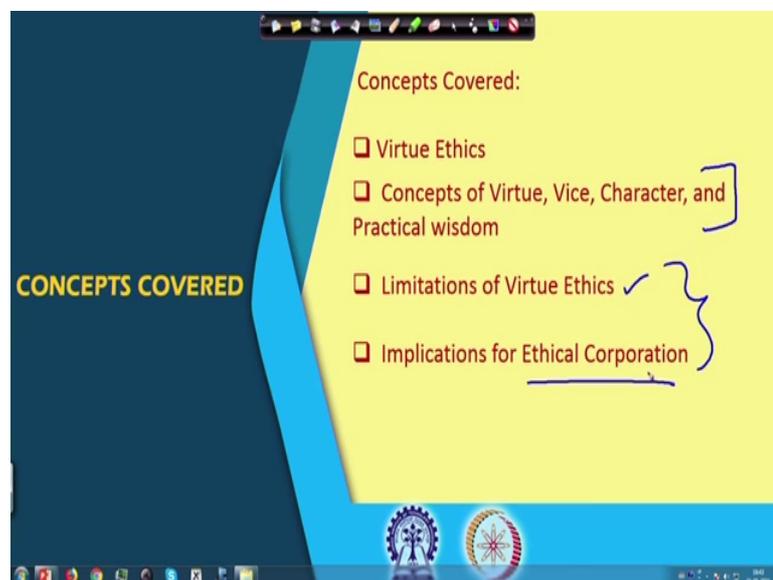


**The Ethical Corporation**  
**Prof. Chhanda Chakraborti**  
**Department of Humanities and Social Sciences**  
**Indian Institute of Technology, Kharagpur**

**Lecture - 09**  
**Normative Ethical Theories: Virtue Ethics**

Hello, we are here today to talk about our module number 9 which is on Virtue Ethics, and this is going to be one more normative ethical theory that we need to get introduced to.

(Refer Slide Time: 00:41)



So, my plan is like this that we will be covering that is the theory itself. And then going into the technical concepts of virtue, vice, character, practical wisdom, these are the technical staples for this theory. And as always I am going to talk about the limitations of the theory, and then the implication for the main subject of our course namely the ethical corporation. So, without further adieu, let us start.

(Refer Slide Time: 01:14)

**Virtue Ethics**

- Main claim: **CHARACTER** and **VIRTUE** play the central role in ethics
- So, rather than trying to do good to the maximum number of people (Utilitarianism), or doing one's duty as per the rules (Deontology), one should try to build character, and live a virtuous life.
- Rather than being about actions (Which action is right?), it is a person-centered ethics (What kind of person should I be? How should I live my life?)
- Main source for this group of theories: **Aristotle's Virtue ethics.** The 'good' person is the virtuous person.
- **ARISTOTLE:** Purpose of ethics is to find an answer to the question: what is a **GOOD LIFE?** A good life is a rational life of virtue.
- Ethics and ethical actions are for 'Character' building, and unethical actions are for undoing the goodness in us.

The slide features a yellow background with a blue header and footer. A small video inset in the bottom right corner shows a woman with glasses and a pink top. The footer contains several small icons, including a gear, a compass, and a scale.

This theory looks into the central concepts for this theory would be this character and virtue as I have tried to point out here. So, you can say that this is one of those theories that you hear as the old fashioned ethics. You have heard utilitarianism speak about doing good for maximum number of people.

You have heard a deontology talk about that you need to find the right rule with the right motive and right manner, but this theory provides a sharp contrast to all of that and says that why you need to be good is because you need to build your own character and leave a virtuous life. Now, these are the messages coming from this theory.

In fact, there is another sharp contrast with the previous theories that is that the earlier theories were more concerned about giving you some advice about which action is right, what should I do in this particular situation. In contrast to that this theory is going to talk about what kind of person one should be. So, it is a much bigger plan and a much larger plan, and it is also about the life plan of that person how should we live our lives. So, these are the kind of questions, very different kind of questions that are taken up by this theory, and we will try to follow what kind of answers they give it gives to us.

The main source for virtue ethics is Aristotle's Virtue ethics. So, from the Greek times this theory is well-known. And we have inherited this theory to now in our contemporary context we try to understand it. What does the theory say first of all that if you are looking for the values here, the obvious insist emphasis here is on the good. So, instead

of the right, this theory and the Greek tradition itself was very much concerned about this value called good. So, we are talking about a good life that is the goal as you will get to see, but for that in order to achieve that or to deserve that one has to be first of all a good person. The good person is somebody who is a virtuous person. So, as you can see these are connected, but the main answer that we are getting from here why should we be ethical the answer is so that we can build something called character

Why should we not engage in unethical? The answer is because it does something harm it harms us, because it undo every little bit of element of goodness in us that is why we should not try to engage in unethical things.

(Refer Slide Time: 04:27)

**What is a Virtue?**

- **Virtue** : **Excellence** in Greek. A person has **virtue** as a runner, if he / she runs well.
- In virtue ethics, it is an **excellent trait of character**. **Stable, reliable** character traits that are deeply rooted in the personality. To possess a virtue is to be a certain kind of person. Cannot attribute a **virtue** on the basis of a single observation to a person.
- **Vice**: A bad trait of character
- **Virtue**: A **multi-track disposition**. Reason, emotion, behavior all involved. To **act** and **react** in a certain way, to emotionally **feel** in a certain way, to have certain kind of **beliefs**, to **desire** and to **choose** in a certain way.
- E.g. Kindness as a virtue means certain realization, certain tendencies, certain reactive responses, certain feelings, certain desires. Same with honesty, integrity.

So, let us follow this thought clearly now. As you can see that the main concept here is that of virtue. So, let us first of all try to understand what that is. Now, if you look into the Greek tradition the word Arithe which is Greek of virtue was available, but it was used in many different context to particularly to imply excellence of any sort. For example, a runner if he is a good runner or if she is an excellent runner, then we the language would say the person had virtue as a runner.

Now, in virtue ethics, what happened is that it got adopted as an excellent trait of character. So, virtue in the context of virtue ethics means an excellent trait of character not just any kind of a trait of character, but which are stable and reliable, so that you come to be known as the kind of person. The virtues exhibit to the world what kind of

person you are. So, first of all a virtue cannot be ascribed to a person by a single observation, there have to be repeated instances before you can start calling somebody having that kind of virtue.

For example, suppose you want to call somebody punctual. So, it is just not a matter of single observation in one instance right, you sort of watch the persons habits and then you say or the practices and then you can ascribe to the person so and so is punctual. Same goes for the traits of this kind. It is opposite is vice. So, if virtues are excellent traits of character, vices are the bad or the very bad traits in the character.

We will try to explain that. But first of all note that a virtue is a multi-track disposition in terms of psychological states we are talking about certain tendencies or dispositions, but it is a disposition that is not just an intellectual kind of a state. There is a reason involved in it, there is also emotion involved it and together they sort of guide behaviour.

So, if you have a certain virtue, you are likely to act and react in a certain way to feel in a certain way feeling is emotion to have certain kind of beliefs, to choose certain kind of actions over the others in a certain sort of way. Note that vices are also like this. They also engage us at various levels, cognitively, intellectually and as well as emotionally and they control our choices and desires also.

So, here is an example being kind if it is a virtue, then it means that you react to situations in a certain sort of a way all right, and you and not only you react, but you start feeling certain things if you are inherently kind and you have certain choices there, same with honesty, integrity these are all examples of virtues. We will give more examples as we go along, but we are trying to understand first of all what is this virtue all about.

(Refer Slide Time: 07:47)

**What is a Virtue?**

- Possessing a virtue comes **in degrees**. Possessing a **full virtue** is to be in a perfect condition, but that is rare. So, pursuit of a virtue is a continuous process.
- Mostly, people fall short of this ideal due to **contrary desires** which pull them towards other directions. People are generally 'mostly kind', 'fairly honest', but much better than the totally unkind, or the utterly dishonest people.
- The **perfectly virtuous** can do what they should without a **struggle** against the **contrary desires**; the rest have to control their desires and temptations to do what they should.
- Not being able to control the contrary desires at all: A character flaw, a **vice**.

This theory also says that virtue is not all or none sort of a situation, having a virtue and not having a virtue these are not the only states available. So, it is not a binary situation at all. Instead what we see is a degree arranged. So, where on the one hand you are going to have possessing full virtue as one extreme, which is the perfect condition it is more like an ideal, but that is rare where the ordinary people huddle, group is towards the midpoint.

What is on the other extreme, the other extreme would be a complete lack of virtue or being completely non virtuous that is the other one. So, between these two extremes, most of us are in this category where we say that we are mostly kind or fairly honest or generally courageous and so on, which is not exactly saying that we are completely unkind which is not the same as saying we are completely dishonest that is where the vice (Refer Time: 09:07).

So, two these are the if these are the two ends of the range, most people are in the middle. Why people are in the middle, because there is always the desires which are pulling them in the opposite direction. You want to be honest, but there are so many temptations and there are so many things that are playing with your desires and you try to struggle, going towards the right direction, but your steps are often pulled back in the other direction. Now, those who are perfectly virtuous, they can do what they should do

without any struggle with the desires. So, they have mustered that kind of a discipline and have gained that control over their contrary desires.

The ordinary people on the other hand have to grapple with their desires and temptations in order to achieve what they should be doing so this is what it is. Now, where does the vice comes in vice comes in having no control whatsoever over the desires. So, you give in to the impulses give into whatever your heart desires and that is a life of total out of control and they would say that is a character flaw.

(Refer Slide Time: 10:30)

**Character**

- Aristotelian character is fixed, stable, and reliable state of 'being'. E.g. A courageous character is expected to be consistently courageous over a time.
- Moral character develops over time. No one is born 'good', or 'bad'. People are born with all kinds of tendencies. These can be encouraged or thwarted by influences around (parents, teachers, peer group, role-model, appreciation etc).
- A character is built through moral education, and repeated choices and behavior. In the early age, the education comes by emulating the role models. Initially, there is no realizations, just following or habituating oneself in right actions. Virtue itself is not a habit, but habits help to develop a virtue.
- True virtue requires a choice, realization, and wisdom

Now, let us talk about character Aristotelian character is as I said if virtues are like that, and if they make up the character if vices are like that and they make up the character then Aristotelian character is something of this kind, a fixed stable and reliable state of being which means that if you have a certain virtue, then you are then you are likely to behave in a certain way consistently. If you have kindness, then it is likely that you from you there will be more kind behaviour. If you are a cruel person on the other hand there is likely that there will be more cruel behaviour on your part and so on. So, there is consistency thing.

The second point is that this character that we are talking about is not something that is given at birth. In fact, the very lesson that we learn here is that nobody is born good or bad. They are born with all sorts of tendencies. The character actually develops over time, how, because people grow up being encouraged for certain kind of behaviour or

being asked not to do certain things. Who tells them in the beginning when we are very young the moral education comes from parents from the teachers from the peer groups, you learn by looking at others also from role models and by being rewarded or appreciated for certain kind of behaviour this is how we start to learn which kind of behaviours we should be doing. And slowly it becomes a repeated choice of a certain sort, and if they get entrenched into ourselves.

. So, at first we do not understand why we are doing things we are just doing this behaviour because we are told. So, there is not much realization, there is not much understanding, but just following the orders and getting habituated do this. And this is how slowly the character traits start to be born. Now, note that virtue itself is not a habit, but habits help to develop a virtue.

Same thing about vice the vices itself is not just a habit it much more than that, but habits help to get the vice ingrained into us. Whenever we are talking about virtue, remember there is a choice involved because you are you are doing something knowingly sometimes knowingly, but where when you are very young maybe not knowingly, but as you grow up, and morally you develop you there is a choice, there is a realization and there is also wisdom.

(Refer Slide Time: 13:35)

**What is a Virtue?**

- **Aristotle:** A virtue is a disposition to behave in a right way, and that acts as a mean (middle) avoiding two extremes of excess and completely insufficiency. Both the extremes are vices.
- For example:  
Rashness ← **Courage (mean)** → Cowardice
- Both extremes are vices. In the face of a dangerous situation, a coward and a rash person both will suffer.
- Flattery ← **Friendliness** → Cantankerousness
- Virtues make their possessor good, excellent, or admirable.
- Lord Buddha : Madhyama (majjhima) panthā

Here is another interesting fact about what is a virtue. Aristotle has said that the virtue lies in avoiding two extremes and finding the mean between this. So, you are trying to

act in a certain way, but that action has to be as a mean between two extremes. What are the extremes? One is excess too much. The other one is too little completely insufficient too much in what context being appropriate response to the situation at hand. Similarly, when we say too little or insufficient, what we mean is that response is too little or too inadequate for with regards to the situation at hand.

Here are some examples from Aristotle, say we are talking about courage as a virtue. Now, what he means that it becomes a virtue only when it is the right amount with regard to the situation. Now, too much of courage is a vice; it is not an extra virtue, it is a vice.

Too much courage means that you are completely fearless, fearless to the extent that you do not even understand what danger is, and given any slightest provocation you would rush towards the situation to meet it that is rashness or foolhardiness, it does not achieve much. On the other hand, that cowardice is the other extreme where there is no courage and there is so much fear that it hampers on you are giving the appropriate response to the situation, both extreme are vices, please note.

So, with regard to the dangerous situation both these types of people are going to suffer. So, you need to find the right amount of response to be called a courage at the time of danger. Similarly, it is for friendliness. Friendliness is the right amount of amicability between people. You go to the excess, it becomes flattery which is not exactly being friends and lack of that cordial relationship this is almost like a cantankerous character. So, both are vices. Why, virtues on the other hand lies in the mean?

Now, if you know about this, then what Aristotle is trying to say would found a lot of resonance in the thoughts of Buddhism also, because Lord Buddha also spoke about Madhyama pantha or the middle path, and which is also about you know finding a middle between extremes.

(Refer Slide Time: 16:42)

**Practical Wisdom**

- How do I know how much is right, or **the mean**, and not an extreme?  
How do I stay away from vices, and choose the virtues? ]
- **Aristotle: Need Practical Wisdom, or Phronesis.** Wisdom that encompasses:
  - (1) A keen situational appreciation ←
  - (2) Experience about human beings and human life ←
  - (3) The capacity to recognize which features of the given situation are more important than the others. ← ]

The other thing that we need to know is that you know if virtue lies in the mean and that we have to avoid the extremes. Then how do I do that, how do I know which is the middle path, and how do I decide, and how do I avoid this vices being in extreme what is the right appropriate response how do I know. And Aristotle says for that you need something called practical wisdom not theoretical wisdom practical wisdom you know so situational wisdom.

The term here is Phronesis, which encompasses three things. One first of all please note that there is a very keen awareness about the situation at hand. So, practical wisdom is not abstract its very situation specific you need to understand the situation. You need to also understand how human beings work, how human beings behave and how to behave with human beings and that is a very valuable experience here and also when you are looking at the situation which features of the given situation are more important than the others.

So, you are not treating the situation as same as others. Even in the same category similar situations, you need to understand why in this case you may have to react in a slightly different way. So, practical wisdom concerns of all of that.

(Refer Slide Time: 18:19)

**Practical Wisdom**

- The 'virtuous' agent is involved in a continuous pursuit to make rationally governed, balanced, sound moral judgment. Such an agent does not apply any specific 'rules' in making decisions, but attempts to make decisions that are consistent with the situation, the agent's role, and a particular kind of excellence that in turn entails exercising sound moral judgment.
- Why be virtuous? Practical wisdom. Because virtues contribute to *eudaimonia* (a full flourishing). A GOOD LIFE is also the *eudaimon life*, i.e. a blissful life: The life under rational wisdom in accordance to the virtues.

Therefore what we have just learned is that practical wisdom first of all it is experience, but it is also something else that you need to have understanding of the situation yes and then what role are you playing in that situation. For example, if you are if you are a doctor and you are facing a patient where you need to tell the patient about her condition itself. And so you need to understand what how are you going to phrase the condition. If it is a very serious condition, do you just alarm, do you set a panic button in the patient, or do you clock it in a certain way, but you need to tell the truth, there is a lot of professional obligations here.

And you need to be true to that role that you are playing. And then you need to have a certain kind of virtue that allows you to immediately grasp the situation how much what kind of a patient you are dealing with for example, what who is the party on the other side, how much the person can take etcetera all of this is part of that practical wisdom.

The query is also important here is that if you still ask Aristotle or the Greek's why should we try to be a virtuous with an acquire practical wisdom and so on, and they will tell you that because it leads to something called eudaimonia which does not translate to you know being it is it is not about a pleasant life, but it is about a flourishing life, fully flourished human life which is this a is a good life, a blissful life. And then that life they would say where your emotions are under control of your reasoning. So, it is a life

according to the virtues, and part of that deal is that you will gain control over your impulses and emotions, so that you stay on the right track.

(Refer Slide Time: 20:33)

**Limitations of Virtue Ethics**

1. In case of a dilemma, where two virtues point at two different directions, virtue ethics does not provide action-guidance. Kindness tells to kill a terminal patient in terrible pain, justice tells us not to, what should we do?
2. Virtue ethics is centered only on the agent, as its sole concern is the agent's own character, the agent's own flourishing and well-being. It does not concern itself with the others and their well-being. But isn't ethics supposed to be about the others?
3. Virtue ethics leaves the matter of being good to luck. Development of character, virtues, require the right kind of education, availability of right kind of role models, examples. Then those who are lucky to have these in their lives alone will be lucky to be good, the others will not be so. But luck is not in our control. Then how can we praise the virtuous, and blame the vicious for what was not in their control?

What could be the problems with this theory well some I have mentioned here for example, people say that in case there is a conflict between two virtues, say you are thinking about euthanasia a situation where euthanasia means helping the person to die under very special circumstances, think about very painful condition of a patient.

Now, your kindness tells that you need to help the terminal patient and the person's life, but justice tells to you that you are not supposed to or your oath to your profession if you are a medical person, tells you that you are not supposed to.

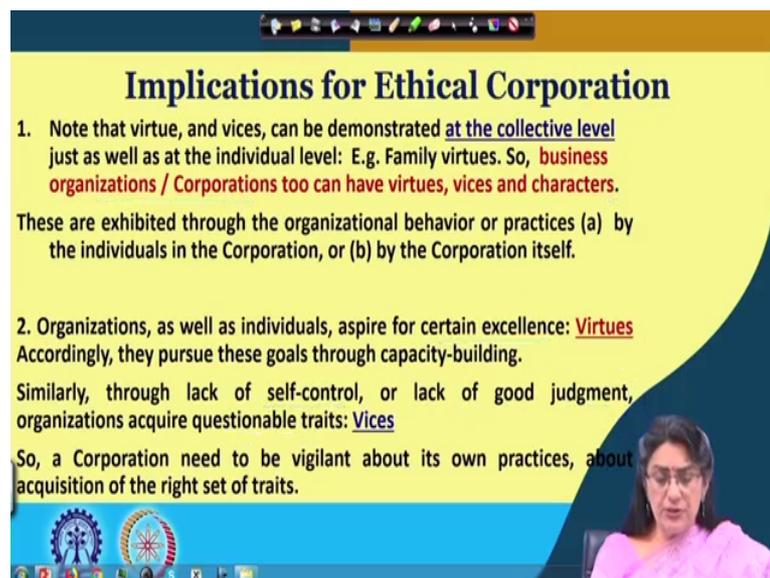
So, so what should we do in other words when there is a conflict between the virtues or two virtues, the theory is silent about giving any action guidance that could be one of the shortcomings. Other people have said that virtue ethics is all about the person. You know personal character and how to be rich and excellence within the person, it does not concern, it does not seem to be concerned about others, and all others and their well being in the society, but that is what we expect from ethics.

Now the Greek's or the Aristotle might counter that by saying, but the virtuous person would also be sensitive to their society and so on. So, the debate can continue on that, but critics of this theory has said this.

And the third point that would like to mention is that we have seen that the development of character seems to depend right from childhood to adulthood on a lot of factors that are not exactly in your control. For example, you need to have the right kind of education, the right kind of role models for example, the right kind of examples and encouragement. And if you are not lucky, then you will not have any of those. So, if you have a good character then you have to have a good amount of luck, but luck is not in our control.

So, in that case, how do we praise the virtuous when it is not their credit that they are virtuous? It is their luck which has played a major role in being who they are, and why do we blame the we should vice full people when that is also not in their control. So, these are some of the examples of limitations of this theory, but which I have always shown you with respect to any theory that I have discussed.

(Refer Slide Time: 23:13)



**Implications for Ethical Corporation**

1. Note that virtue, and vices, can be demonstrated at the collective level just as well as at the individual level: E.g. Family virtues. So, **business organizations / Corporations too can have virtues, vices and characters.**  
These are exhibited through the organizational behavior or practices (a) by the individuals in the Corporation, or (b) by the Corporation itself.
2. Organizations, as well as individuals, aspire for certain excellence: **Virtues**  
Accordingly, they pursue these goals through capacity-building.  
Similarly, through lack of self-control, or lack of good judgment, organizations acquire questionable traits: **Vices**  
So, a Corporation need to be vigilant about its own practices, about acquisition of the right set of traits.

Let us now talk about what does it mean for Ethical Corporation. So, first of all note that it is possible though we have talked about the personal level and personal character, but it is possible to talk about why virtues and vices and character even at the collective level, for example the family virtues that this is allowed. So, if it is possible for collectives to have all those traits then we can say even business organization or corporations they can also have virtues, vices and characters.

In fact, these are exhibited through the organizational practices second we have seen that corporations just like individuals they aspire for certain goals which they value which they desire as some kind of excellence. For example, if a corporation wants to be the best in its category, now that is a virtue that there after and it is a continuous process pursuit for that goal.

So, similarly, we can talk about corporate vices when through lack of self-control or lack of good judgment corporations acquire questionable traits, those are the vices. So, the one point here is that organizations like corporations need to be very vigilant about their own practices, they have to be aware of what they are doing themselves, just like any other human being.

(Refer Slide Time: 24:53)



Sample Corporate Virtues	Sample Corporate vices
Resourcefulness	Excessive greed
Diligence	Indolence, excessive inactivity
Honesty	Utter dishonesty
Resilience	Extremely inflexible, fragility
fidelity	Flagrant corruption
Determination	Weak mindedness

These are some examples of corporate virtues and vices that I have tried to show you here. And you can find, you can add to this list if you want to, but note that the corporate vices are always in the extreme as you can see. And this is where you get to see, that there is a balance, and there is a effort to stay in the mean.

(Refer Slide Time: 25:21)

**Implications for Ethical Corporation**

3. Organizational virtuousness is **not** "an all or none condition". Neither an organization, nor its people are fully virtuous or non-virtuous. It is a manifested process: A continuous pursuit. This shows room for possibility of improvement.

4. **Virtuousness** in organizations: A process of manifestation of excellent traits in the practices in an organizational setting. Gratitude, wisdom, compassion, interpersonal skills etc.: Positive psychology

Three key attributes of virtuousness in organization(Cameron et al, 2003):

- 1.. Moral goodness ✓
2. Human impact ✓
3. Social betterment. ✓

The slide features a yellow background with a blue header and footer. The title is in bold black font. The text is in black font. There are three blue checkmarks next to the list items. A blue bracket is drawn on the right side of the slide, grouping the text under point 4 and the list items.

And other thing is that we have spoken that the virtues having a virtue or not having a virtuous not a binary state, but there is always room for betterment and improvement. And a research has pointed out that you know virtuousness in organizations can be understood with these three things in mind that first of all it has to link with what is good and what is right. Second it is all about the human impact. And it is also about the social betterment, social value that it creates.

(Refer Slide Time: 26:04)

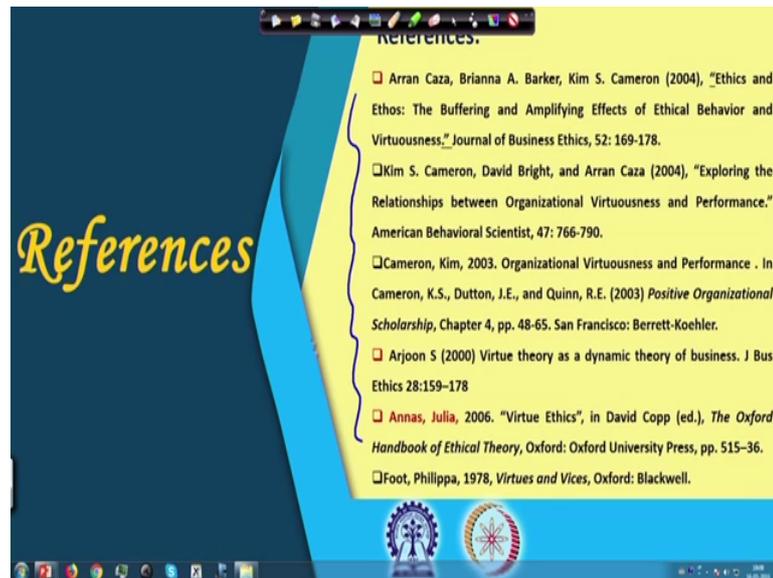
**Implications for Ethical Corporation**

- Organizational virtues of individuals have been linked to better individual performance in the organization. E.g. Integrity with higher self-esteem (Harter, et al., 1996; Harter, 2002). So, ethical Corporation should encourage individual virtuousness
- **Deficit in organizational virtues** ( lack of shared values, trust, loyalty, secrecy, deception, increased conflicts, negativity, anger) has been linked to **negative outcome for organizations**, e.g. in case of Downsizing. Ethical Corporation needs to discipline itself against organizational vices.
- Higher organizational virtuousness still had a positive and significant association with both objective and perceived measures of performance.

The slide features a yellow background with a blue header and footer. The title is in bold black font. The text is in black font. There is a small video feed of a woman in a pink shirt in the bottom right corner.

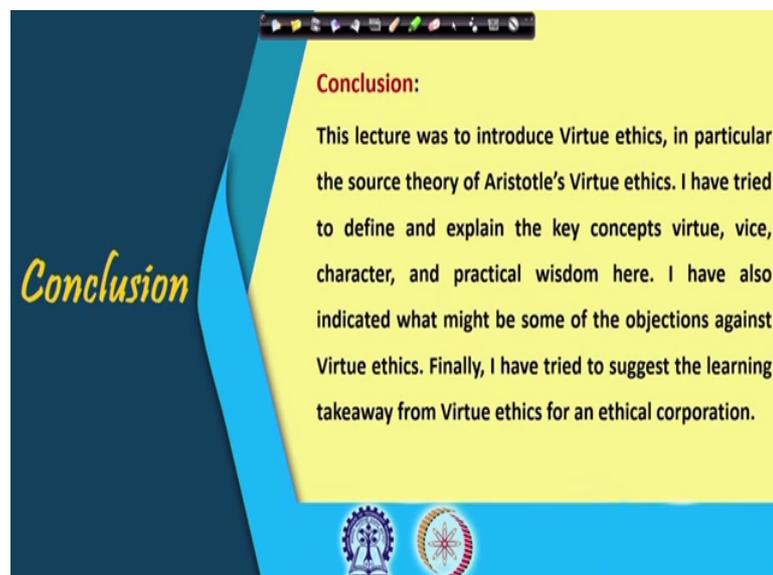
And researchers also shown that you know there is positive correlation between organizations or individuals in the organizations having virtues. And there is negative sort of relationship between not having or a deficit in organizational virtues and negative outcome for the organizations. So, these are also available in the in the research.

(Refer Slide Time: 26:40)



This is what I wanted to present to you that the virtue ethics first of all is well-known and respected theory. And I have discussed it and I now present to you some of the references that you might find useful for further studies and so on.

(Refer Slide Time: 27:05)



But overall my idea was to introduce you to this new kind of an ethics, it is key concepts we have talked about virtue vice character and practical wisdom. And I have indicated what could be some of the objections against the theory, but finally, I have tried to link the learning from this theory to this idea of Ethical Corporation. So, this is where I will end this session on virtue ethics.

Thank you very much.