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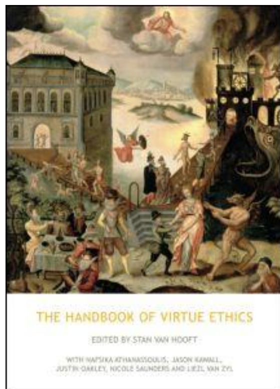

The Handbook of Virtue Ethics

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Virtue ethics and management

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Virtue ethics and management

Wim Vandekerckhove

Perhaps not in theory, but at least in practice, business ethics and instruments for Corporate Social Responsibility (CSR) tend to regulate behaviour, not character (R. Roberts 2009). Codes of conduct specify behaviours employees need to adhere to. They cover issues such as dress code, gambling, harassment and bullying, equality of opportunity, refusing gifts, usage of office computers and internet, and so on. Another common element in codes of conduct for employees is the stipulation that they must comply with their terms of employment and carry out instructions.

These codes are monitored mostly by compliance officers, who – tautologically – follow up on employees to ensure their complying with the code of conduct. Most ethics programmes within organizations are developed and offered by the compliance office, the implication of which is that the training sessions carry an emphasis on compliance. Compliance officers also administer internal whistleblowing procedures. These specify how, to whom, and about what employees should raise concerns.

Some regulations relating to ethical interaction at the workplace, such as anti-discrimination legislation, do nothing else but specify what language, or what kind of policy decisions or policy impact are sanctionable. Even corporate governance codes regulate behaviour, though not of employees but of directors. These codes specify who has to be informed about what by whom, and who gets to sit around the decision-making table.

On the one hand, regulating behaviour and setting parameters to how decisions ought to be taken is crucial in organizations. By definition, organizations can only do what they do (produce what they produce) through the many kinds of human interaction that takes place within them. Hence, organizations can underperform (wasting resources or delivering substandard quality of products or services) or even malperform (delivering harmful products or services) when these interactions go wrong. On the other hand, these practices of business ethics that regulate behaviour are always one step behind. They are reactive. I see three reasons why they are introduced as organizational policy:

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(1) to prevent something from happening again (this is reactive because it is always done after a particular harmful interaction has taken place – such as accepting a gift that had the effect of a bribe);
(2) because peer organizations have these policies as well (this is reactive because it is always done after these other organizations have introduced them because of reason 1);
(3) because they are obliged by law, or the law stipulates that sanctions will be less severe if something goes wrong when the policy is in place (e.g. US Federal Sentencing Guidelines for Organizations, UK Bribery Act 2010) (this is reactive because it is done after legislation, which is in place because of reason 1).

Although it is necessary to regulate behaviour reactively in an attempt to prevent future wrongdoing, regulation has not prevented that initial wrongdoing from occurring. Legislation does not turn something neutral or good into something bad, rather it defines something bad as a crime. Legislation can make it harder to hide company debts from shareholders in the balance sheet, but hiding debt was a bad thing even before that legislation. Many authors suggest that policies and regulations which are put in place as a reaction to a crisis have a merely symbolic meaning, but will not prevent a future crisis from happening. The reason for this is that contexts are never the same twice, and every rule has a loophole (or at least people tend to always look for one).

Roberts (2009) follows Paine (1994) in contrasting compliance-based ethics management to integrity-based management. Compliance strategies emphasize observing and obeying rules and orders, and are based on an anthropological model of humans as autonomous creatures. Integrity strategies entail self-regulation guided by chosen standards, and are based on the anthropological model of humans as social creatures, not guided merely by material self-interest, but also by values, ideals, friendship and peers.

Rather than reactive reasons, Roberts (*ibid.*) gives two forward-looking reasons why organizations tend to prefer compliance strategies:

(1) they are intended to make organizations immune from illegal acts committed by their employees;
(2) they lower organizational ethical expectation, and thus it is hoped that these reduce pressure to implement integrity-based programmes.

According to Roberts (*ibid.*), compliance strategies for ethics programmes make it more difficult for employees to hold organizations accountable for any of their actions that fall outside of the scope of their compliance-based ethics regulations.

Hence, whether for the reactive reasons I suggest, or the forward-looking accountability-avoiding reasons Roberts suggests, gaming strategies are clearly not what society needs. Given the impact organizations have on our lives – just take a minute to try to think of one hour you spent last week that was not mediated by an organization – this really should worry us. What society needs is not managers and employees who use codes as game strategies, but managers and employees of character: people who can balance the means and ends of their actions, and people who have the wisdom to judge others not merely on compliance but also on their virtues.

Although all people are part of society, and although the above remarks apply to organizations of all types – whether in the private or public sectors – I will focus my remarks on

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the world of business even though, as a business ethicist, I strongly oppose juxtaposing business with society. I will proceed with my enquiry on virtues and management through three questions. It might well be that society needs business people of character, but is this also what business people seek? And if it is, are people of character what business needs in order to be successful? As you might expect, my answer will be yes to both questions. Hence my third question, what virtues are required in good or successful management?

DOES BUSINESS WANT ITS PEOPLE TO BE VIRTUOUS?

In order to answer this question through proper research, we would need to look for examples of business people whom we call virtuous, and see whether these examples overlap with examples of successful business people. One problem that immediately arises is that of the variety of virtues. This makes the scope of such a research project fit better with a PhD project than with a chapter in this book. Hence, just to make a sketch here, perhaps we can work the other way round: look for some examples of successful business people and see which virtues we notice them to evince. I will take some examples from two industry sectors: IT and financial services. These sectors have taken a dominant position in society, owing to their contribution to economic growth (and crises), the changes in management style they have influenced, and the high level of reward and aura of success that apply to people active in these sectors. Just like the automotive industry in the first half of the twentieth century, and IBM in the 1970s and 1980s, Silicon Valley and the "square mile" of the City in London function as templates for other industry sectors. When we talk of innovation and creativity in business, we think of Apple, Google, Android and Facebook. Likewise, when the bankers' bonuses became a problem, bonuses in every industry sector also became questionable.

So who are some successful people in these sectors? For IT I want to look at Bill Gates (Microsoft) and Steve Jobs (Apple). For the financial sector I look at Warren Buffett (Hathaway Fund), Lloyd Blankfein (Goldman Sachs) and Yunus (Grameen Bank).

Bill Gates has stepped back from day-to-day management in Microsoft to devote his time and attention to the Bill and Melinda Gates Foundation. The Foundation donates more than one billion dollars per year on projects in health care, education and poverty reduction. We can certainly argue that through his philantrophy, Bill Gates demonstrates the virtue of charity. A more critical person could counter this by pointing out that he stopped being a businessman to demonstrate the virtue of charity, and thus that the example of Bill Gates suggests one cannot be a successful businessman and virtuous at the same time. Is this so? The Gates Foundation was founded in 1994, and for a decade now Microsoft has regularly been voted as "employer of the year" and diversity champion in a number of countries around the world. What virtues could make an employer be admired as an employer? Respect for employees seems important, as does consideration, especially when it comes to employers being perceived as family friendly.

When we think of the late Steve Jobs, other virtues come to mind. Here is one of the co-inventors of a totally new industry, who then gets ousted from the company he co-founded (Apple), only to return some years later and make it the biggest company (in terms of market value) and one of the most admired brands in the world. We do not think of charity or consideration when we see Jobs; we see someone who is successful perhaps

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despite being shown lack of respect and consideration in his early career. Steve Jobs is someone who has shown fortitude and determination.

What has Warren Buffett shown? Known as one of the most successful investors in history, he is also famous for his frugal lifestyle, despite being one of the wealthiest people in the world (top four since 2000 according to the Forbes list). Buffett's investment fund Berkshire Hathaway makes influential investment decisions, but it makes these decisions independently. Buffett says he bases his decisions on simple and basic principles he learned at Columbia Business School in 1950: principles which will still be valid in a hundred years time, according to Buffett. Hence, there is no new fashionable theory spin for Buffett, and no hasty decisions. The virtues with which Buffett seems to act are frugality, simplicity and prudence.

What about Lloyd Blankfein? He is CEO and Chairman of Goldman Sachs. In 2007, Goldman Sachs made a huge profit as the subprime mortgage crisis unfolded. It turned out Goldman Sachs was short selling such securities. This turned out to be a very wise decision. At least someone had their eyes on the ball. But as the crisis intensified, Goldman Sachs got into trouble as well. It is hard to tell whether it really needed to be saved, but it did get TARP funds in 2008.[1] Blankfein decided to forgo his bonus that year. In 2009, Goldman Sachs repaid the US government the loan with 23 per cent interest. All this seems pretty appropriate and sensitive. However, Blankfein started to make mistakes. In November 2009 he stated that Goldman Sachs had a social purpose. It helped companies grow by raising capital. Companies that grow create wealth and jobs that create more growth and wealth. Besides this naive belief in endless growth, Blankfein added that banking is a vital function and he described himself as a banker "doing God's work". This statement ruined Goldman Sachs's reputation.[2] From prudent investors they turned into an elite, detached from the rest of society. More recently, Goldman Sachs has created a scandal for knowingly not telling the whole truth to some customers in order to make a hugely beneficial deal for some "more important" customers. It is recently also being questioned with regard to its role in the Eurozone crisis and cooking Greece's books. Despite Blankfein today showing more vice than virtue, it is hard to deny that he is a successful banker.

Yet he stands in sharp contrast to Muhammad Yunus, founder of the Grameen bank. At the end of the 1970s Yunus started to hand out micro loans to women in villages in Bangladesh. Since these women had absolutely nothing, they could not get a loan from a regular bank because they had no collateral to give. That was precisely what Yunus did: lend small sums of money to women who had nothing to lose. For these women, these small sums of money made a big difference. They could set up their own little business, or at least get out of usury and bondage schemes. Initially, mainstream banks and economists thought it a reckless idea, far too risky and bound to end in a disaster. However, some thirty years later, the Grameen bank is alive and well. Yunus showed care and courage: care for the poor, not acted upon by giving (that would have been charity), but by taking risks so that others would be better able to take care of themselves. That risk taking is not self-sacrifice but courage.

So these different people seem to show different virtues. But they are all successful. Is success a virtue? No, it is not, but it is at play whenever we consider virtues. For Aristotle, the virtuous man was a successful man. Even if we would not measure success in wealth (or job title, or reward package), virtuous people are, by definition, successful in showing virtues through their behaviour. Doing something a virtuous person would do – doing that

just once – might be pure luck, but doing it repeatedly surely must be a sign of character. And it leads to gaining a good reputation. Hence, reputation is an important aspect of how virtue ethics plays out in human interaction. And business people in particular worry about their reputations. So it does seem as if business wants its people to be virtuous.

ARE VIRTUOUS PEOPLE WHAT BUSINESS NEEDS?

We can start answering this question by interrogating our IT and finance examples. The question then is whether these people are successful *because* of their virtues.

Bill Gates is not successful because of his philanthropical foundation. It seems more the other way round. Or does it? Being voted employer of the year repeatedly is not something that comes out of thin air. It requires focused and continued effort. Sceptics will say that the IT sector is also the template for the "war for talent", but my answer would be that it is not without reason that Microsoft has repeatedly been the best at it. I am being very careful here – this would obviously require meticulous research – but it is likely that the Gates Foundation is another expression of the same virtues – respect and consideration – that made Microsoft attract and retain the best people to make the business so successful.

I said of Steve Jobs that he showed the virtues of fortitude and determination. Did those virtues make him successful? I do believe so. He was known for wanting things his way and for not giving in. It is that which made him come back, and it is that which made Apple a top brand again. It might very well also be what is going to cause Apple troubles. Jobs was so strong – he was Apple and Apple was Jobs – that the company might have a hard time replacing him. Fortitude and determination are virtues, and they have worked out fine for Apple, but if news about the health of the CEO brings your share price down, the business organization is not helped by those virtues.

The case of Blankfein and Goldman Sachs makes this point even more. Blankfein has ruined the reputation of Goldman Sachs. His decision to go short on mortgage-backed securities might have been wise, and when he refused his bonus he did show courtesy, but his hubris turned him into a liability (which is business speak for dangerous and potentially harmful).

These are just some well-known recent cases of how virtues (or a lack of them) play out in business. The next section discusses virtues in management in a more general way.

VIRTUE AND THE INSTITUTIONAL MANAGEMENT CONTEXT

In *After Virtue*, Alasdair MacIntyre (1981) identified the manager as one of the three characters of our time. He makes it clear that his notion of character refers not just to any social role, but to a special type of role, which attaches moral constraints on the personality of those who inhabit these roles. For MacIntyre, managerial authority finds its justification in Max Weber's concept of bureaucracy. Weber developed his typology at the turn of the twentieth century, around the same time as Moore wrote his *Principia Ethica*, which was to give a new impetus to emotivism. Hence MacIntyre sees a parallel between the character of the manager and emotivism: namely, a firm distinction between the rational and the non-rational, and a preoccupation with the former. This distinction, then, is the moral

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constraint on the manager personality. MacIntyre writes that the manager treats ends as given, "as outside of his [sic] scope" (*ibid*.: 31). The manager's concern is with technique, with effectiveness in transforming raw materials into final products, unskilled labour into skilled labour, and investment into profit. MacIntyre further argues that the "claim to possess systematic effectiveness in controlling certain aspects of social reality" (*ibid*.: 76) is not just a managerial fiction, but also one of the central moral fictions of our time.

I believe we need to give MacIntyre some credit for his analysis. The moral fiction of managerial effectiveness has certainly impacted on our lives. It was used as a justification for waves of privatization at the end of the twentieth century along with a deregulation of markets. Even in the early 2000s the concept of rational effectiveness started to mould public sector management through the New Public Management perspective, which rephrased the way governmental agencies were organized into a discourse of the private sector (Vandekerckhove 2006: 79–80).

The strength of MacIntyre's analysis arises from his linking the new centrality of effectiveness with the modernist emergence of a fact/value dichotomy, and from his tracing the roots of the management character to the emergence of the modern autonomous moral subject. This emergence involved a rejection of an Aristotelian view of the world with its teleological perspective in which evaluative claims function as a particular kind of factual claim. In other words, MacIntyre claims the managers only look at the means, not the ends. The notion of reason is narrowed to only include means-end rationality. Discussing the ends is not rational and would be a form of emotivism. From an Aristotelian perspective however, and thus from a virtue ethics perspective, a reasonable discussion should give regard to the ethical justifiability of both ends and means.

Writing as a business ethicist today, it is quite obvious how profoundly the current economic crisis impacts on our thinking. Is it today not obvious why the managerial preoccupation with effectiveness is a moral fiction, as MacIntyre noted? It is now quite clear that a mere means-rationality is not conducive to our prosperity and hence to our well-being. Take the current financial and economic crisis for example. A vibrant economy is vital for social goods we value (peace, comfortable living standards, personal development and other aspects of human flourishing). Investing money is necessary for a vibrant economy (banks lend money, or you buy shares). Investment is profit driven (otherwise it is giving, not investing), with investors always expecting a return. But there is always a risk. Financial institutions like banks and insurance companies originated to minimize and spread the investment risk of their clients. However, many financial institutions have developed financial products that generate profit for themselves regardless of what happens to the client. They "work" these products to reduce their risk, not the clients' risk. The "means" of financial institutions (namely profit) has replaced the "end" of society (investing and spreading risk for clients). This is profit-myopia: the focus is only on the profit (the means), and the social values (ends) the profit-driven institutions (banks) should serve are no longer in the picture. The means become the end.

Virtue ethicists writing about business give us a different take on what moral constraints would suit the managerial personality. Robert Solomon (1992) explains that business organizations have both an aim and a purpose. He explains this through the analogy of the soccer game. Soccer games also have an aim and a purpose. In soccer the aim is to get the ball into a goal more times than the other team. That is how you win the game. However, the purpose of soccer is to give people something exciting to watch and, for the players, to

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spend time enjoyably. Obviously, a team that does not try to win the game will not fulfil its purpose. But it is also possible to win the game without fulfilling the purpose. Many soccer games are boring to watch because one team retreats into defensive play after it scores its first goal; and what to think of the goalie who takes ages to tie his shoe and kick the ball back into play? Likewise with business. Making a profit is the aim, but the purpose is producing or distributing a product or service that will make people's lives better. This goes for medicine or building houses, which address basic needs, but just as well for highly marginal improvements to our lives such as that provided by Facebook or 3D cinema.

Ed Freeman explains the profit–purpose connection using the red blood cells metaphor. I need red blood cells to stay alive, but I do not live my life solely with the purpose of producing red blood cells. Freeman's work on the stakeholder paradigm over the past twenty-five years has contributed to a steering away from the profit-myopia. Freeman initially formulated his stakeholder approach as a strategic management approach (Freeman 1984) before articulating and expanding it into business ethics scholarship. The idea is a simple one. In order to continuously position an organization successfully, stakeholders have to be brought into the picture. Stakeholders of an organization are groups or individuals that affect or are affected by the functioning of that organization. Freeman's contribution to previous attempts to formulate strategic approaches including stakeholder notions (Vandekerckhove 2009) consisted of emphasizing the two-sidedness of stakes. Thus the questions one must ask are: (a) what does this stakeholder mean for the organization?, and (b) what does the organization mean for this stakeholder? This has led more recently to conceptualizations of Corporate Social Responsibility as Corporate Stakeholder Responsibility (Freeman & Velamuri 2008), and of organizational purpose as the creation of stakeholder-value (Freeman 2007).

The idea that managers must create value for customers, employees, suppliers, communities and investors or financiers stands in sharp contrast to the model of business that managers must manage for shareholder profit only. In that sense, Freeman's notion of what a manager is and does diverts from MacIntyre's management character. For many business scholars, one objection to the stakeholder approach is that it does not provide a clear and delineated theory of what managers must do in order to be "good managers". Yet Freeman, along with other business ethicists, argues that a good manager is able to juggle many balls in the air at the same time, and that from a stakeholder perspective, one of these balls relates to ethics.

That is precisely where the importance of the stakeholder perspective lies: it allows us to talk of ethics within the context of business decisions. Hence, what virtues must a manager show if he or she is to manage for stakeholders? I believe three groups of virtues come into play here. First, if managing for stakeholders means creating value for different stakeholders, then this requires the manager to have knowledge of the needs of the organization's stakeholders. Although such knowledge can be gathered using various research techniques, any of these will have to be driven by virtues such as care, compassion, consideration and empathy.

Second, based on that knowledge, the manager will have to make decisions: what policies to implement, which initiatives to start, continue or end, and how to allocate resources to these. A different set of virtues seem appropriate for this. One is courtesy, as considerate behaviour that is mindful of other people. The manager will also have to show caution and commitment: avoiding rashness yet staying focused on carrying out the purpose of the

organization. Balancing these will require diligence and prudence as well as understanding and wisdom.

Third, whereas from a profit-myopia perspective business is about competition, a stakeholder perspective emphasizes that what is key in managing a business is generating and maintaining cooperation. Hence, a third set consists of virtues crucial in maintaining cooperation, and includes honesty, sincerity and tact.

WHAT VIRTUES ARE REQUIRED FOR MANAGEMENT?

Each of the sets of prerequisite virtues for the good stakeholder manager I suggested in the previous section could be expanded into a separate chapter. I will not do that here. Instead, I will review two scholarly papers that have investigated in great depth what virtues are necessary for good business. The first is by Robert C. Solomon (1998) on core virtues of the corporation, and the second is by Johan Graafland and Bert van de Ven (2011) on the virtues of bankers. Further research into the virtues implied by the stakeholder approach could proceed in similar ways.

Solomon sees care and compassion as the core virtues of the corporation. There are historical reasons to argue this. If Adam Smith's notions of the invisible hand is said to be at the heart of profit-driven economic organization, then it is certainly interesting to have a closer look at what was taken to be the core of Adam Smith's work on ethics: namely, the sentiment of sympathy. Solomon examines two versions of sympathy, care and compassion, distinguishes between these two, and relates them to the moral psychology of business.

He acknowledges that it might sound awkward to say of corporations that they care or show compassion. If a corporation is not a person, then how can it do something a person does? Solomon refutes this argument by saying that we do not need to argue for notions such as "corporate conscience" or "corporate agency". Rather, even if corporations are only legal fictions, surely people working in corporations, individually and collectively, can and do care, as well as showing compassion. The main argument in Solomon's 1998 essay is that caring corporations cultivate what is the strength of any organization: namely, mutual dedication and a sense of security. By doing so, he emphasizes that the corporation is a community. He argues that a good manager is someone who makes people feel that the way their community works and runs is fair. The notion of fairness has recently come to the fore in organizations studies under the name of "organizational justice" (Cole *et al.* 2010). Any sense of justice presupposes an ability to care, to feel compassion for those in a less advantageous position.

However, Solomon points out, these sentiments alone are not enough to decide on and implement wise policies. Care, for example, is not an unmixed benefit. When we care for something or someone we can be nurturing and supportive, but we sometimes become possessive or defensive, or even go to war. We might think that managers should avoid getting too close to, and caring for, the people who work for them, because they would get personally affected when they are told to lay off some of these people. However, most of management is not about carrying out orders or sacking people. Rather, it is about solving urgent problems, encouraging and motivating people, comforting customers and communicating between offices. As Freeman points out, it is about establishing

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and maintaining cooperation. Management consists of relationships, even if these never compare to the depth of relationships between friends, kin or spouses. But this does not imply that the relationship becomes merely instrumental. Solomon argues that we can never keep wholly apart the strictly professional and personal aspects of a person. Thus caring for an employee or manager in their roles also includes a certain concern for the person as such.

How would Solomon describe care then? Care encompasses positive feelings for another person meaning that one "wishes them well" and is moved to act on their behalf. Solomon quickly points out that "being moved to" is not the same as acting. Sometimes we care and are moved to act but we cannot act. We can care for someone's job or work–life balance, yet not have the mandate to act upon it. Also, it is not because we care for a colleague that "niceness" will be returned. There is always the risk that our care is answered with ingratitude or betrayal.

So how could we recognize a caring manager? One example of how "wishing someone well" and "acting on their behalf" can be expressed in the context of management is when a manager helps an employee to grow and actualize themselves. A successful manager supports and develops those who do the actual work. This resonates with the concept of the servant leader, developed by Robert Greenleaf (Greenleaf [1977] 2002; Russel & Stone 2002; Stone *et al.* 2004). Another example is the coaching and mentoring schemes that organizations set up for employees.

Solomon insists that care as a virtue is not limited to a small number of people but can be generalized as an expansive communal sentiment. But how could the 37,000 employees of SouthWest Airlines, for example, feel that their CEO cares for them? (Wright & Mujtaba 2011). Caring is not the same as self-sacrifice. Rather, caring is taking the interests of others as one's own. That, says Solomon, is exactly what the typical corporate relationship is about. That is also where Freeman's stakeholder theory links in. The reality of business today, according to Freeman (and Solomon), is that the manager cannot look at one stakeholder individually, but must perceive the stakeholders in relation to each other. Hence, where the profit-myopia model insists that managers have a fiduciary duty to the financiers (shareholders), stakeholder theorists insist that this does not adequately explain the reality of business.

The other core virtue of corporations Solomon examines in his 1998 essay is compassion. The ability to feel for the less fortunate than us is a cornerstone of justice. Perhaps a good description of a sociopath (including corporate sociopaths) is someone who is convinced that they deserve every advantage and others deserve their disadvantages. MacIntyre's effective manager might do fine without much feeling, but the loyalty and enthusiasm required from people in organizations today will not be there with a manager who does not show compassion for the hurt they may cause – even if they have good reasons for doing so. Solomon gives the example of a manager who fires someone pleading that "it is just a business decision" and that "you shouldn't take it personally". There is a lack of virtue in the manager's detachment. If, on the other hand, the manager doing the firing does handle it personally, the difficult or harsh decision can be converted into an acceptable one. It does not automatically make it acceptable, but empathy with the negative and painful emotions and shame for having caused them are essential to a perception of justice. Solomon refers to Aristotle regarding shame as a virtue, not because it is good to be ashamed but because it is wrong not to feel it when we should.

Graafland and van de Ven (2011) examine virtues (or the lack of them) in a specific industry sector which is causing much discontent and discomfort as I am writing this chapter: the financial services industry. In their paper, Graafland and van de Ven identify the virtues that professionals in the financial sector will need to adhere to in order to prevent future crises. They argue that developing virtues will be absolutely necessary. Virtues enable us to achieve goods that are internal to a practice. If those involved in a practice become focused on external goods, they will fail to support that practice. This relates to the profit–purpose tension I mentioned in the previous section, with purpose being internal goods and profit an external good. Thus, for business in the financial sector, the practice they are involved in is providing credit to projects in the economy (to both individuals and organizations). This implies balancing out deposits and loans, through risk assessment and customer advice. Hence the internal goods are being a good risk analyser, meaning being a good actuarial professional, and being a good advisor, meaning being able to make and close good contracts for services and products that fulfil customer needs. The external goods include bonuses and status. Selling products and services that will get you a bigger bonus entails a focus on an external good, as does cooking the books and downplaying or repackaging risk.

So which virtues do Graafland and van de Ven (2011) identify for bankers? Honesty is a core virtue for closing any type of contract, but especially for bankers. This also includes transparency. It means providing information so that stakeholders get insight into issues that are relevant for them. This is not easy, as most people are financial illiterates and cannot assess complex inter-temporal considerations about long-term financial products. Do you know what credit default swaps or reverse convertible bonds are, or what going short means? Do you know how to make a sound assessment of opting for a fixed or a variable interest rate on your mortgage? At another level, Goldman Sachs showed a lack of transparency when it was selling off products they knew were about to collapse in order to get them off their own balance sheet.

Due care is another virtue good bankers need. Graafland and van de Ven (2011) argue that whereas deception contributed to the crisis, it was not one of the major causes. Rather, moral negligence – a lack of due care for the interests of customers – was. No one cared whether households could repay their mortgages, and some who barely could even got their loans refinanced. Bankers did not care because they assumed they could easily sell that property.

Finally, accuracy and expertise are necessary virtues for bankers. Lack of these was the most important cause of the credit crisis. Banks "created risk, misallocated capital, and encouraged excessive indebtedness while imposing high transaction costs" (Stiglitz 2010, cited in Graafland & van de Ven 2011: 613).

CONCLUSION

My short enquiry into the relevance of virtues in management has, I hope, shown that there is no good management that is not virtuous management. I hope to have successfully argued that this is not just wishful thinking about what society needs, but just as much true from a business point of view. We have examined some widely acknowledged examples of what we hold to be successful business people and what virtues they act out.

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We have also mentioned how vices cause problems for businesses. On a more general note, I have nuanced MacIntyre's characterization of the manager with Freeman's stakeholder approach. It is important to stress again that for Freeman and other stakeholder theorists, the characterization of business and managers as seeking and maintaining cooperation, and their emphasis on relational aspects in enterprises, is first a true description of reality, of the way business and management works, and only then a normative theory. Finally, we have discussed some specific virtues relevant to management: care, compassion, honesty and accuracy. I am sure there are many more, but the combination of a general discussion with a specific discussion of the finance sector seemed both useful and timely. When after reading this, we think of our own managers, some of you will shrug. I hope that at least some will recognize the virtues discussed in this chapter in their manager. Unfortunately, just as not all those claiming to be musicians are good musicians, not every office door saying "manager" houses a virtuous manager.

NOTES

1. These funds were part of a larger bill known as the Emergency Economic Stabilization Act (EESA), passed in October 2008 and signed into law by President George Bush. The Act created the Troubled Asset Relief Program (TARP), a programme which was designed to get so-called toxic assets off the books of major banks (www.wisegeek.com/what-are-tarp-funds.htm#did-you-know, accessed January 2013).
2. The idea of likening financial mediation to God's work is already in Georg Simmel's *Philosophie des Geldes*, published in 1907. The metaphor goes as follows: all the diverse and different things – all that exists – are united in God; likewise financial mediation connects and hence unites all that exists, cutting across all differences and incommensurability. Simmel ([1907] 2004) is a good recent translation.