Abstract: We have recently seen a growing concern for business ethics and the central role key individuals play in the formative years of a business. Research has shown that the embedding of personal values are one of the more critical and lasting contributions that a founder can make in an organisation. Research also indicates that in the modern business context, there are few accepted guidelines for moral evaluations in practical business settings. The purpose of this theoretical paper is to explore some of the moral and social elements inherent in entrepreneurship, using the basic tenets espoused by Aristotle. By revisiting the theory of virtue, we find a powerful framework for establishing organisational purpose, habitual excellence and the optimal balance for sustaining these ventures and the people on whom they depend. For creative business practices, such as entrepreneurship and marketing, a virtue perspective offers a particularly appropriate lens.

Keywords: Virtue, morality, entrepreneurship, Aristotle, Alasdair MacIntyre, moral legacy, marketing virtue, entrepreneurial virtue.

INTRODUCTION

Questions about ethics, morality and moral values have recently come to the fore in business and in business research. During the 1990s, commercial corruption and unethical behaviour became a worldwide discussion topic (Bucar et al, 2002). In many instances, as if by intuitive logic, the primary indictment has been levelled at the founding entrepreneur(s). Supporting evidence for such assertions is found in research that confirms the central importance of individual founder values and beliefs at the time of new business creation (Schein, 1992). Entrepreneurs, the change agents of commerce, are often seen to have a moral responsibility for the market transformations they pursue (Machan, 1999). Yet the concepts of ethics, morality and values are problematic in a pluralistic business context. These notions may be seen as contingent, dependent upon context, circumstances and individuals possessing their own preferred rationale for dealing with such issues. This growing concern about the potential vices of business has amplified our search for a more satisfactory framework for the moral issues of modern commerce (MacIntyre, 1985; Etzioni, 1988; Solomon, 1993). The purpose of this paper is to step back from the minutiae of the debate to consider the discussion through the historically rich framework of Aristotle’s theory of virtue.
This paper seeks to develop a conceptual framework for business morality which goes beyond normative and formulaic rules for attempting to calculate moral behaviour. Academic philosophies of this nature have proven too contradictory and cumbersome for day-to-day use in business (Stark, 1993; Soule, 2002). The problem seems particularly acute for the fields of entrepreneurship and marketing. These are both areas where idiosyncratic contexts put a premium on the innovative individuals that must find a way without the benefit of generalised and formal guidance. Unfortunately, moral and ethical issues have too often favoured the domains of business law and accounting, using logic that betrays their natural bias toward negative constraints and restrictions. In many ways, the literature has focused so much on the evils to avoid; it has neglected our capacity for the good we could create. In the preoccupation of business ethics with rationally thinking corporations (Trevino, 1990), we have ignored the seemingly irrational ambitions of our most innovative enterprises.

There is a set of common characteristics between entrepreneurship and marketing, including: creativity, sound judgement, positive motivation and reliance upon communication within social networks (Carson, 1993). The need for such competencies suggests that entrepreneurs and marketers may not be well served by moral guidance in the form of rigid internal regulations. Additionally, the possession and nurturing of these competencies indicates an exceptional capacity to connect organisational purpose to the social context in which these roles are executed. Aristotle made the case that moral issues can, and must, be viewed with consideration of the larger social context. These two aspects of business are particularly concerned with the successful marriage of the company vision to the external environment. Our argument is that the theory of virtue can provide an overarching set of principles which can be applied to any business context, including (and especially) the realm of the creative and informal. Firstly, it provides a conceptual framework to understand the nature of morality in these activities, and importantly, it offers a mechanism for achieving an equilibrium in which they might flourish.

The paper begins by exploring the history of virtue, explaining its roots in ancient Greek philosophy and then highlighting key points where these ancient roots have more or less taken hold in the thinking of Adam Smith and other scholars for whom our current markets are indebted. We then consider how modern virtue has been considered in modern interpretations, in particular the work of MacIntyre. We find that a modern virtue framework can guide us in identifying what makes a present-day business “virtuous” while presenting unique insight for balancing the moral dimension within our entrepreneurial endeavours.

The concept of virtue is one that has experienced renewed interest in the last few decades. Much of the discourse surrounding the topic has taken place in the field of moral philosophy, as championed by Alasdair MacIntyre and others. Business ethicists have adopted some of MacIntyre’s logic under what some have called “modern virtue ethics” (Moore, 2002). Others have seen fit to apply MacIntyre’s framework to the business setting (Warren, 1996; Collier 1998; Pellegrino, 2002; Moore, 2002; Whetstone, 2003). Whilst some of these applications have been censured for a misappropriate application of the framework (Moore, 2002), these studies have also revealed the creative process of company formation as a particularly useful context for both study and the development of a practical guiding framework. It is to these ends that the present discussion hopes to make a contribution.
A Rich History

The first thorough formulation of the theory of virtue is attributed to Aristotle. This ancient Greek philosopher was primarily concerned with the creation of the ideal political environment, or *polis*, for the Athenian context in which he lived. While Aristotelian thought has been extensively applied to democratic political systems, it is not so simple to connect his ideas to the realm of business. Yet Adam Smith had much to say about virtue and its affects on the people who made up free market economies. Although many of Smith’s comments on capitalism are contained in *The Wealth of Nations*, it is in his earlier book, *The Theory of Moral Sentiments*, where he formulates the bulk of his thoughts about the virtues. Indeed, he has been credited for extending Aristotelian thought to the realm of commerce for statements like the following, “The man who acts according to the rules of perfect prudence, of strict justice, and of proper benevolence, may be said to be perfectly virtuous” (Smith, 2000, p.349).

Albert Hirschman has presented the case that the Enlightenment moralists saw commercial society as a moralising force (Maitland, 1997). It is ironic, then, that although the capitalist system is popularly attributed to the founding thoughts of Adam Smith, the virtuous spirit that he optimistically associated with commercial behaviour is less well known. Even within academic circles, scholars might be surprised to know that Adam Smith had anything to say about virtue, or that virtue ever held so esteemed a position in the groundwork of free market economies. One of Smith’s archetypal characters is the warrior-hero, a magnanimous and masculine individual who was also an archetypal character in the ancient Greek concept of virtue. In this, as in other ways, Smith’s conception of virtue reflects a much earlier Stoic philosophy. We begin to see some truth in what Joseph Schumpeter suggested (1954, p.184): “*The Wealth of Nations* does not contain a single analytic idea, principle, or method that was entirely new in 1776.” What Smith did was turn “a classical virtue theory into a case for the virtues in commerce” (Calkins & Werhane, 1998, p.50).

Smith recognised the difficulty in discriminating between self-interested passions and the greater good, a point which still resonates within marketing communications today. Although he is speaking about a generalised person, not particularly one in business, he has identified where this balance finds its proper harmony: “the wise and virtuous man is at all times willing that his own private interest should be sacrificed to the public interest of his own particular order or society” (Smith, 2000, p.346). Ironically, his “Invisible Hand” logic asserts that sometimes the best way to achieve what society wants is via the pursuit of what the individual wants (i.e. - acting as though no greater purpose was necessary). It is here that Smith makes an abrupt departure from Aristotle. MacIntyre (1985) asserts that, by virtue logic, a society preoccupied in acting in this way would neglect, or dismiss outright, the virtuous purpose that would serve as the most appropriate guide and aspiration of the practice.

Aristotle’s notion of virtue is widely understood as “a highly functional performance in respect to a specific purpose” that “renders good the thing itself of which it is the excellence and causes it to perform its function well. The excellence (virtue) of man also will be the state which makes a man good and makes him do his own work well.” (*Nicomachean Ethics, 1105b.19-1106a.12*) This logic is similar to Smith’s idea that virtue aligns us with our proper form and is a means whereby we cooperate with the plans of the Author of Nature. However, one area in which they
differ significantly is in the ultimate end or purpose which the virtues serve. Smith imagined virtuous action as being sufficiently justified by our concern for rewards and their utility, whereas Aristotle maintained a conception of humanity that was inextricably linked to a deeper ultimate end (Calkins & Werhane, 1998). This is an important distinction because, using Smith’s notion, exercising courage in one’s business dealings could be construed as merely serving the self-interested goals. For Aristotle, courage is a quality that should be endorsed, for its own sake, to the benefit of all those associated with an appropriate business pursuit.

The Present Notion of Virtue

As Himmelfarb notes, “When we now speak of virtue, we no longer think of the classical virtues of wisdom, justice, temperance, and courage, or the Christian ones of faith, hope and charity, or even such Victorian ones as work, thrift, cleanliness, and self-reliance. Virtue is now often understood in its sexual connotations of chastity and marital infidelity. Indeed, the philosopher Leo Strauss commented that one of the great mysteries of Western thought is, ‘how a word which used to mean the manliness of man has come to mean the chastity of women.’” (Himmelfarb, 1995, p.15). MacIntyre concludes “…the dominant lists of the virtues have changed, the conception of individual virtues has changed and the concept of a virtue itself has become other than what it was” (1985, p.226). Despite its rich history, the word virtue has lost much of its purchase as a practical concept within current business activity. On the few occasions when we see the concept referred to within the Westernised commercial organisation, we may more likely be lamenting its absence. Virtue, and its related Aristotelian concepts, are often viewed with the sort of nostalgia that we attribute to the Puritanical values of a distant era, one that is remote and of limited relevance to our own.

Nonetheless, the concept retains enough purchase that some have begun to hearken back to it, or the want of it, for the benefit of our present-day commerce and society. Yet because the concept has transmuted, unless we use a rigorous framework such as MacIntyre’s, any modern notion of virtue is susceptible to the same conceptual mutations that its predecessor had fallen victim to. Some authors have attempted to propose a list of “virtues” (though often presenting nothing more than mere character traits) that may “lubricate the workings of a market economy” (Maitland, 1997, p.21). Speaking of the market as a regenerative source of the virtues, Maitland reasserts the optimistic logic of Adam Smith in arguing that “virtues” such as trustworthiness, self-control, sympathy and fairness are in fact originating from, and rewarded by, the market. In another significant treatise on the topic, Trust: The Social Virtues and the Creation of Prosperity, Francis Fukuyama offers a more sceptical account:

It has been argued that the market itself constitutes a school for sociability...but sociability does not simply emerge...(it) is dependent on prior habits, traditions and norms, which themselves serve to structure the market. (Fukuyama, 1995, p.356)

Fukuyama speaks of the social virtues that may best serve to defend and replenish the stock of social capital in our individualised cultures. He offers the following list of social virtues as necessary ingredients for incubating individual virtues and sustaining liveable communities: trust, honesty, reliability, cooperativeness, a sense of duty to others, self-sacrifice, pride and charity. At a time when the economic prowess of capitalism is near its peak, Fukuyama acknowledges that his concerns may appear to be sounding a false alarm. Nonetheless, he
cautions that the depletion of social capital, and the absence of the virtues that build it, holds dire consequences for society. His logic suggests that a depletion of social capital can occur without triggering any of the financial, competitive or other prominent marketplace measures, permitting the depletion to go unnoticed for long periods of time. Fukuyama warns that once the social virtues are gone, it may be difficult or impossible to replenish their stock. This argument clearly places virtues at the centre of a healthy system, but notes how such concepts may well evade common indicators of social wellbeing.

Fukuyama assists our case further by suggesting some of the virtues that we might rightly attribute to entrepreneurship, to include: hard work, scrappiness, creativity and openness to risk (Fukuyama, 1995). However, it is important to note that this and other lists of virtuous attributes, including Maitland’s, are loosely defined traits or admirable qualities, not fitting the robust construct that MacIntyre offers.

Some authors have done more to revive key Aristotelian concepts, even incorporating MacIntyre’s virtue framework to commercial pursuits (Warren, 1996; Collier 1998; Pellegrino, 2002; Moore, 2002; Whetstone, 2003). Much of this discourse has focused on applying ethical and moral philosophies to specific business practices. For example, in his case for the revival of virtue within the medical profession, Pellegrino (2002) argues for the durability of virtue before associating its logic to the demonstrated behaviour of certain prominent practitioners:

Virtue-based ethics is the oldest and most durable system of ethics in both Western and Eastern cultures. It is a system that concentrates on the moral agent and the kind of person he or she ought to be, rather than on the acts themselves, the circumstances, or the consequences they produce. Until the Enlightenment, it was the dominant theory of ethics. In modern times it has persisted but has been superseded by other theories like deontology, utilitarianism, emotivism, etc. But all of these theories gave some account of virtue. In more recent times virtue ethics suffered erosion by the positivist and analytic approaches to moral philosophy. In the last several decades virtue-based ethics has enjoyed a renaissance, however, its ultimate place in moral philosophy is yet to be established firmly. (Pellegrino, 2002, p.380)

It is at this point that we must return to MacIntyre, a key instigator of the renaissance that Pellegrino and others have attempted to build upon. As we attempt to explain and contextualise this revived perspective, MacIntyre provides us with the basic mechanics and logic of virtue that we will need in order to examine business creation through such a lens.

The Virtue Framework

In his seminal work, *After Virtue* (1985), MacIntyre argues that in every culture, in every tradition, there emerges particular “characters” who assume the role of moral ambassadors for their time and place. These are the individuals that most embody the goals and aspirations of a given society. Members of a given tradition respect them for their victories over conflict and revere them through stories passed down to future generations. MacIntyre painstakingly traces the identity of these “heroes” through a wide array of historical cultures, concluding with the following statement about our own: “the bureaucratic manager- the essential instrument for organising modern work - and their social kindred become the central characters of modern
society” (MacIntyre, 1985, p.228). MacIntyre proceeds to criticise these modern-day characters for failing to provide the type of moral role model that society should expect of the role they have assumed.

This is a small part of the larger case that MacIntyre has made for redeeming the meaning behind the concept of virtue. His starting premise is that what we consider a virtue today is a confused result of fragmented elements of the concept that have been unnaturally pulled from narrative contexts dating as far back as the writing of Homer’s *Iliad*. MacIntyre frames the concept within the tradition and intellectual discourse of Aristotle’s political ideal, and in so doing, revives a construct that has relevance to our modern business ideal. In this manner, MacIntyre’s framework purports to offer us a new and powerful logic for addressing the moral dilemmas of business.

Our objective is to apply this renewed notion of virtue to the entrepreneur, a potential “character” for our times, and to consider the consequences of establishing a venture with a virtuous purpose. While it may be argued that entrepreneurs are the ‘social kin’ of the bureaucratic managers that MacIntyre is so critical of, the entrepreneurial ideal represents the antithesis of the bureaucratic and rule-following bias of their managerial kin.

To clarify the construct of virtue as drawn by MacIntyre, we first review his definition of four key concepts: practice, virtue, institution and tradition. A core tenet of MacIntyre’s case is that a meaningful notion of virtue must be grounded and defined in the context of a given practice. MacIntyre defines a *practice* as:

Any coherent and complex form of socially established co-operative human activity through which goods internal to that form of activity are realised in the course of trying to achieve those standards of excellence which are appropriate to, and partially definitive of, that form of activity, with the result that human powers to achieve excellence, and human conceptions of the ends and goals involved, are systematically extended. (MacIntyre, 1985, p.187)

He then goes on to define *virtues* as

Those dispositions which will not only sustain practices and enable us to achieve the goals internal to practices, but which will also sustain us in the relevant kind of quest for the good, by enabling us to overcome the harms, dangers, temptations and distractions which we encounter and which will furnish us with increasing self-knowledge and increasing knowledge of the good. (MacIntyre, 1985, p.219)

A clarification is needed here about the meaning of ‘the good’ in the above definition. MacIntyre uses this phrase mainly in the way that Aristotle and the Greek scholars used it, as an ultimate aspiration or telos which is an end unto itself. However, he also borrows from the medieval conception of a quest, asserting that this has become an important metaphor for the practices of our day. This leads to a construct of *the good* as that which integrates the good of particular life/lives into the overall patterns of a tradition informed by a common quest. In other words, there is an intrinsic social aspect to all true virtue in that it can only be understood (or
provide understanding) within a given culture shaped by a shared conception of the narrative journey underway. This seems important because it links the individual’s actions to the wider roles of society. Such a concept recalls the operation of Adam Smith’s “Invisible Hand”. But recall that Smith’s notion lacked the teleological link and genuine social intent found in Aristotle’s rationale. Again we see the interplay between the micro and the macro, how individual and society are both independent but paradoxically interdependent; each supports and moulds the other. So construed, this logic is inextricably embedded in the virtuous purpose of any organisation.

Such complex and abstract definitions beg for a practical example, for which MacIntyre offers the game of chess. In the practice of chess-playing, there are certain internal goods that, when possessed and exercised, may result in excellence. The excellencies of chess may include “a certain highly particular kind of analytical skill, strategic imagination and competitive intensity.” In these internal goods, the player may find a new set of reasons for winning on a particular occasion, “for trying to excel in whatever way the game of chess demands” (MacIntyre, 1985, p.188). On the other hand, the external goods of chess-playing may be identified as winning or perhaps claiming a trophy or monetary prize. The links to entrepreneurial practices become clearer in the light of this example. We could suggest that in the entrepreneurial process, the internal excellencies might include determination and imagination, while the entrepreneurial prizes of growth and profit could be deemed external goods. Both are part of what we know, and value, as entrepreneurship.

Just as the virtues find their meaning in and through the practice they inhabit, it is important to note that practices differ from the institutions they reside within. Simply put, the institution is the community setting, or organisation, within which a practice is cultivated. This concept, however, reveals a deeper meaning when we pause to consider the balance between the practice and the organisation in which the practice resides. MacIntyre goes on to state, “No practices can survive for any length of time unsustained by institutions. The ideals and the creativity of the practice... the co-operative care for common goods of the practice is always vulnerable to the competitiveness of the institution” (MacIntyre, 1985, p.194).

To complete our brief sketch of MacIntyre’s conceptual framework we need to describe his notion of tradition. Tradition represents the societal background within which all institutions, practices and virtues must, by their very nature, reside. By MacIntyre’s account, each of these concepts relies on the other. It is difficult to conceive of any practice that can be severed from its institution. Similarly, there is no virtue that can be viewed apart from its tradition. Having sketched this complex framework, we now apply these concepts to the discussion at hand by graphically representing these concepts in Exhibit 1. In the increasingly globalised economic environment, some ventures could find themselves also operating in a larger social setting than those suggested by MacIntyre: one representing the additional diversity and competing traditions of the global marketplace. For fear of unduly confusing the discussion at hand, we will ignore the global sphere for now, although it does add an intriguing dimension to the virtue framework.
APPLICATION TO ENTREPRENEURSHIP

We can now begin to explore virtue within the entrepreneurial process, as found in the new venture, and located within the Westernised version of a free market economy. To aid us in identifying true virtue, MacIntyre offers criteria in the form of three stages:

Stage One: identifies qualities necessary to achieve the goods internal to a practice
Stage Two: considers the contribution of these qualities to the good of a whole life
Stage Three: relates these qualities to the pursuit of a good for human beings within a given social tradition

In MacIntyre’s critique, the archetypal character of our modern culture, the role that most embodies the moral quest of our times, is the bureaucratic manager. MacIntyre sees in this character someone that has failed to represent any meaningful standard of virtue and so reflects the conflicted moral quagmire we in Western society currently find ourselves. It is because of this estimation of our tradition that MacIntyre concludes his case with a call for “the construction of local forms of community within which civility and the intellectual and moral life can be sustained” (MacIntyre, 1985, p.263).

MacIntyre’s virtue framework can serve as a valuable tool for understanding the excellences found within the entrepreneurial process. Generally speaking, he has offered us Aristotle’s holistic paradigm and a concern for character dispositions that pre-empt the subject matter of prominent moral frameworks. Our analysis concurs with MacIntyre’s assumption that
commercial pursuits hold, in many ways, the pre- eminent place in our society. It is ironic that the character to which we apply this framework, while akin to the bureaucratic manager whom MacIntyre criticizes, may be the very individuals who establish the communities which MacIntyre prescribes as a remedy. This is perhaps not so surprising, since we tend to view entrepreneurs not as bureaucratic managers, but as un-bureaucratic leaders operating in a realm where constraints and guidelines are few; a domain where moral character is required, amply tested and broadly modelled.

We suggest that the modern day entrepreneur has a critical role to play in the context of creating new ventures with the potential to become the excellent local communities of our time. Quotes such as the following support the use of applying such a framework to the entrepreneurial quest:

The making and sustaining of forms of human community—and therefore of institutions—itself has all the characteristics of a practice, and moreover of a practice which stands in a peculiarly close relationship to the exercise of the virtues (MacIntyre, 1984, p.194)

A more complete reading of MacIntyre implies something particularly promising about the dynamic and creative tension found at the initial stages of an institutional community. It is this very tension that points to the new venture as a potentially ideal setting for nurturing virtue. There are a few rational reasons that help to explain this potential synergy. Simply speaking, to the extent that such a perspective calls for a revolutionary (vs. evolutionary) change in the way that a business is conceived, it is easier for a new venture to create a new type of company (one that aspires to be virtuous) than it would be for a corporation with an established board of directors, shareholders and other competing stakeholder groups to change the raison d'etre of the organisation. In its earliest stages, there is a fuzzy line between the entrepreneur and the new venture itself, providing great leeway for enacting revolutionary initiatives without the need to navigate bureaucratic politics. Granted, this same characteristic can be employed to vicious pursuits, which further underscores the need to incorporate virtue within the original purpose of a company. Furthermore, it will be advantageous to begin shaping such an organisation from the beginning, when one might assume that the shareholder input, habits, cultural values, norms and behaviours are yet in their most impressionable stage.

Such an application compliments existing organisational and entrepreneurship theory. The nature of ethical behaviour has been demonstrated to determine the quality and efficiency of economic interactions (Bucar et al, 2002). Schein (1992) and Sarasvathy et al (1998) have offered a strong case for the power of the personal values that entrepreneurs bring to their business decisions. Machan (1999) makes the link between morality, entrepreneurship and prudent conduct, describing prudence as a virtue. Moreover, Baumol (1990) draws clear distinctions between types of entrepreneurship, arguing that moral behaviour is crucial for “authentic” entrepreneurship. What have been lacking are the language and the philosophical theory to frame the discussion within entrepreneurship to pragmatic affect.

In Search of an Excellent Equilibrium

Hopefully the description of MacIntyre’s framework has impressed upon the reader the impossibility of gathering all the potential internal goods of a given practice into a finite list of
virtues. Still, by way of refining these concepts in a way that may hold pragmatic balancing power, Exhibit 2 posits the internal (virtues) and external goods of entrepreneurship below. In this fashion, using the logic provided by MacIntyre, we present our own list of cardinal virtues on the scales opposite some of the prominent measures of success that are common to the practice of entrepreneurship:

It should be noted that within the established literature of entrepreneurship theory, there is significant correlation between the virtues as described herein and the following traits that have been applied to the prototypical entrepreneur: opportunistic, innovative, imaginative, an agent of change, restless, adventurous, and proactive (Chell et al, 1994). Most of the virtues in Figure 2 have been previously associated with entrepreneurial excellence. However, along the lines of MacIntyre’s criteria, these excellent habits have purchase by originating from something as fundamental as the collective aspirations of our tradition, and together they aspire to the perfection of the entrepreneurial practice and the people upon whom it relies. Unlike mere traits or values, virtues emerge from a framework that includes a mechanism for prioritizing and otherwise seeking the best equilibrium between competing virtues and competing goods. Indeed, simply to use such a framework may require a particular virtue (or something of a super-virtue), which we have called practical wisdom here, but which Aristotle would have termed phronesis. This overarching virtue is commonly revealed as a skill for discernment required of every entrepreneur: the exercise of judgment in particular cases.

While certainly more holistic and contextually-relevant than mere personality traits, it is important to note that the value of the theory of virtue is not so much in the list of virtues that it generates, but in the conceptual logic upon which it is built. Virtuous purpose must be drawn from, and contribute to, the concentric social circles of a given context. The taxonomy of virtues may change for each company that applies the theory to their particular purpose. Yet the underlying Aristotelian concepts offer powerful sense-making and sense-giving tools for exploring the entrepreneurial process.

Through this unique lens, it is important to note, the virtues are not merely means to other ends, but sufficient qualities in their own right. They are valuable in and of themselves as well as supportive of genuine organisational purpose. Following Aristotelian thought, the possession of courage, for instance, is a worthy aspiration (i.e. - irregardless of whether it helps to secure profit
or market share). It is equally important, however, to note the importance of making money (an external good) in order to sustain the institution that is providing the necessary environment for the habitual exercise of these virtues. Under this framework, making money is not a sufficient objective by itself. There has to be a deeper, more holistic motivation to the entrepreneurial endeavour, otherwise, the new venture may find itself and the individuals it supports limited, by the size of its purpose, to the mere generation of external goods and thus failing to derive any true sense of virtue.

In discussing this point with entrepreneurs, we have noted a clear correlation between the two sides of the scale. Most practitioners readily acknowledge that they are more likely to achieve the external goods by focusing on the internal goods than they would achieve the internal goods by focusing on the external. They also seem to suggest, with one accord, that making a profit ‘at any cost’ may mean ignoring or unknowingly destroying the social virtues upon which an organisation and its stakeholders rely.

In contemporary business, utilitarian and deontological moral frameworks have been prominent, reflecting the enlightenment traditions within which modern conceptions of business have sprung. In considering Aristotle’s theory of virtue as an alternative, there are a number of distinguishing aspects worth noting. The theory of virtue is not as concerned with the actions or consequences of behaviour so much as the character and intentions of the actor. It is not only concerned with traditional ethical or moral dilemmas, but also with the deeper and more holistic domains of vision, strategy and social embeddedness. Virtue theory is intrinsically tied to practical issues and contexts that foster the habitual exercise of virtue. Virtue theory does not assert that all can be resolved by rational rules, formulas and codes of conduct, and as such is more apt to encourage ‘moral imagination’ for novel environments and the flexibility required in divergent contexts. Additionally, virtue is most likely found in the individual and collective actions of people working together toward a common objective, and is less likely to be ‘taught’ so much as ‘caught’ by individuals following the example of genuine role models. These differentiating qualities combine to present a strikingly different paradigm with which to view business decisions. Yet in each of these areas, it seems a paradigm particularly suited to the proactive artistry required in the territories of entrepreneurship and marketing.

Finally, organisational purpose and virtues, thus construed, are meant to represent an idealistic standard; one which will always remain beyond reach, yet will result in the perfecting of those seeking it. Such a perspective holds explanatory power for understanding what Machan has described as “authentic” and sustainable entrepreneurship. It suggests a framework for the long-term viability of any given enterprise, its employees, and even the greater community.

The Value of Virtue for Entrepreneurship and Marketing

This may seem a long-winded philosophical treatise from an academic perspective that is too abstract to be meaningful and too old to be relevant. To combat this sentiment, allow us to explicate a few of the reasons why Aristotelian logic may yet offer significant value to the practices of entrepreneurship and marketing.
Simply put, the theory of virtue holds balancing power. Aristotle lends us a conceptual tool for building companies as communities that balance the various individual and collective interests of all. Without this logic, it is all too easy to dwell upon external goods as the end all and be all of organisational existence. Virtue theory encourages us to be weary of growth for growth’s sake, of putting too high a priority on killing the competition, and perhaps most importantly, of the socially caustic consequences of confusing the very purpose of our venture as the maximization of shareholder value (Etzioni, 1988; Drucker, 1994; Handy, 2002). This logic implies that venture capitalists that put too great an expectation on a quick return on investment may actually be doing much more harm than good. Entrepreneurs have a difficult time sustaining the excellence of a new venture without institutional investors and other partners pressuring them to be more efficient...perhaps at the expense of all concerned (Horvath, 1995). Armed with this framework, entrepreneurs may have an important tool for guiding organisational purpose, nurturing virtuous employees and balancing the difficult demands of often competing stakeholder groups.

The same benefit can be reaped by marketers facing a similar threat to their craft. Two faculty members from a prestigious business school were quoted in a recent article on “ROI Marketing”:

> These days, there’s more pressure than ever to make marketing more a quantifiable science than an ephemeral art. The question CEOs really want answered is this: ‘What does an extra point of customer satisfaction do for my shareholders?’

(Knowledge@Wharton Newsletter, 2004)

It is easy to see how such advice could swing the balance too far toward quantifiable success factors and away from traditional marketing virtues such as creativity and empathy. Interestingly, there are two very different ways to address this perceived need to maximise return on marketing investment. One way, as suggested by these experts, would be to increase the precision and accountability of the metrics being used to measure the marketing effort. However, this option may not help, and could even deteriorate, the capacity of those responsible to develop the internal goods of the marketing craft. Interestingly, using virtue logic, marketers could tap the limitless resources of creativity and empathy, increasing the capability of the people and the organisation (and the benefit to the customer) while satisfying the same investment returns. Aristotle would suggest that it is easy to see which of these two competing options would strike the better long-term balance for all concerned.

Marketing is important in this discussion for another reason. It is far too easy for companies to portray a virtuous image to the world as a mere facade to mask a vicious intent to claim external goods at any cost. For example, the Managing Director of the Co-op Bank is noted for saying that his company’s “ethical” stance was (no more than) a marketing initiative (Crane & Desmond, 2002; Jack, 1992). Ethical marketing as thus conceived is no more than a new form of marketing segmentation (Prothero, 1990). The mere mention of virtuous activity within a marketing message presents genuine virtue as suspect. This then, also becomes the marketers challenge...to convey that the company can not only talk about being virtuous, but that they have the demonstrated motivation to do so. A key issue is that such “moral marketing” is often conducted with no clear understanding or remit of moral evaluations (Crane & Desmond, 2002).
We suggest that Aristotle’s framework of virtue provides such an understanding, as well as a requirement that the best words and intentions be habitually exercised in actions.

Even the consuming public is apparently concerned with the actual “intent” behind marketing messages. To the extent that a consumer perceives a company in possession of genuine virtue, he or she may reward that virtue with incremental purchases or by paying a premium to the company. But when it is perceived that the company’s virtuous action has been merely used to placate the interests of lobbyists, that actions contradict their virtuous statements, or that they only made those statements in order to build profit or competitive advantage, the potential advantage that might have been gained is substantially reduced, or worse, the consumer may feel cheated and therefore less willing than ever to purchase from that company. Proactive demonstration is the best way to establish, and benefit from, a real and genuine virtuous intent.

CONCLUSION

What we need is a language and a set of institutions in which co-operation and consensus can be forged and in which market mechanisms are tempered by moral constants. We need to incorporate the conception of business as a community of purpose which will take its wider social and moral functions more seriously alongside its economic ones. (Warren, 1996, p.51)

We have attempted to justify and explain an application of Aristotle’s theory of virtue to the practice of entrepreneurship and briefly considered like implications for the field of marketing. As is suggested above, there is great need and potential for a new perspective for evaluating the moral and social equilibrium that a new firm hopes to achieve. In Aristotle’s Greece, we have found a notion of the good that extends deeper, wider and longer-term than our legacy in liberal individualism. In MacIntyre, we have found a renewed construct of virtue and a conceptual framework upon which to identify and nurture the best balance. In the tradition of Western capitalistic societies we have identified the need for a more excellent form of moral community. In entrepreneurship, we have found a particularly exciting practice, and institution, upon which to attempt an application. And in the entrepreneur, we have found a potential archetypal character for our time.

It is precisely in the interplay between the practice of business and the corporation in which it is embedded, in the interplay between internal and external goods, that exciting possibilities exist for business and for business ethics. (Moore, 2002, p.30)

There are many future areas of research that could follow this article in an attempt to evaluate the benefit of operationalising the theory of virtue and making it useful to both entrepreneurial theory and practice. We would like to know which characteristics identify the entrepreneur as most suited to the creation of virtuous institutions, the mechanisms by which these qualities are habitually woven into the fabric of the company culture, and what we might expect virtuous ventures to accomplish in the way of outcomes and results. We will be anxious to build a theory of entrepreneurial virtue that complements other recent attempts to apply this framework to the larger realm of business. We are also encouraged that the entrepreneurial virtues, as thus
described, offer particular relevance not only to private sector industry, but also to social enterprise ventures. There is also significant value to be found in measuring the moral legacy of founding individuals, over time, as viewed through such a framework.

In seeking to identify organisational virtue, the researcher’s challenge becomes one of identifying not only espoused virtues, but congruence with underlying values and assumptions (Schein, 1992) as well as the ultimate reason, or purpose, for which they are pursued. Mission statements, codes of conduct and other formal artefacts represent only the tip of the iceberg and too often conflict with deeply held values and actual behaviours hidden well beneath the most visible elements of the company. As is often the case, the most telling indicators are often those most difficult to obtain.

We conclude that the entrepreneur may play a compelling, even heroic role, in contemporary society. Our line of enquiry suggests that understanding moral philosophy along the lines of virtue has ramifications in the most practical and creative of business contexts, even that of entrepreneurship. Aristotelian ideals may yet offer the conceptual tools we need for building new ventures with a capacity for demonstrating the added value of virtue. This paradigm may have great affect in the hands of the change agents of commerce, those creative individuals who put purpose into motion.

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References


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ii Although *Wealth of Nations* was published after *Moral Sentiments*, it is worth noting that *Moral Sentiments* was revised five times, including two after the publication of *Wealth of Nations*. So *Moral Sentiments* may represent the mature thoughts of Smith.


