

Virtue Ethics and Leadership

Angelique A.L.M. Lombarts

Essay written for Master Ethics
DCU School of Theology, Philosophy & Music

Winter 2020
Academic Year 2020/2021

Grade 70

CONTENT

INTRODUCTION.....	1
VIRTUE ETHICS	2
ARISTOTLE: A BRIEF BACKGROUND	2
THE END: EUDAIMONIA	3
VIRTUES.....	4
IN-BETWEEN VICES	5
STRENGTHS AND WEAKNESSES OF VIRTUE ETHICS.....	7
TODAY'S RELEVANCE	8
THE IMPACT OF LEADERSHIP.....	11
CONCLUSION.....	12
BIBLIOGRAPHY	14

Introduction

This essay discusses Aristotle's virtue ethics and its relevance with regard to present-day leadership issues. Leaders are expected to make wise and fair decisions for all stakeholders involved. Leadership is important, both in the public as well as in the private sector. But in a world that is rapidly globalising and becoming technology-driven, with a penchant for increasing automation and artificial intelligence on the one hand and an urgent need for a more sustainable approach to many contemporary challenges on the other, the inherent search for an ethical compass is growing. This essay demonstrates that virtue ethics can offer such a compass with regard to leadership.

I start by describing the views of Aristotle, the founder of the ethics of virtue, and how he arrived at them. Next, the key components of Aristotle's virtue ethics are examined, followed by a discussion of the theory's strengths and weaknesses as well as its applicability today. Then two recent leadership issues will be examined with the help of Aristotle's and contemporary virtue ethics. This essay illustrates that with the use of revitalised cardinal virtues, leaders can be virtuous. It concludes that the ethics of virtue have not yet lost their significance.

Virtue Ethics

Although more than 2000 years old, Aristotle's virtue ethics is still highly applicable today. And since the publication of Gertrude Elizabeth Margaret Anscombe's article 'Modern Moral Philosophy'¹ in the late 1950s, in which she fiercely attacks the then dominant consequentialist and deontological theories, Aristotle's ethical views have gained in popularity. His influence on contemporary virtue ethics is undeniable, although not undisputed. Martha Nussbaum, for instance, argues at length that categorising virtue ethics as a distinctive approach might be misleading and proposes speaking about Neo-Humeans, Neo-Aristotelians, anti-Utilitarians and anti-Kantians in terms of categorisation.² Other people assert that Aristotle's virtue ethics complements the other two major normative ethical theories, utilitarianism and deontology. In any case, contemporary virtue ethics is based on Aristotle's thinking, and therefore we shall pay some attention to the man himself before turning to his virtue ethics views.

Aristotle: A Brief Background

Aristotle was born in Greece in 384 BCE. He studied at the Athenian academy of Plato. Although he highly appreciated Plato and acknowledged a great debt to him, he also criticises him and rejects his 'Theory of the Ideas'.³ While Plato is considered idealistic, Utopian and 'from another world', Aristotle is seen as realistic, utilitarian and 'with common sense'.⁴ Raphael's well-known painting illustrates this, as it shows Plato pointing to heaven and Aristotle pointing to the earth, emphasising their divergent ideas.⁵ Aristotle's ideas are nourished by empiricism, and he builds on Plato's ideas and adapts rather than refutes his doctrines.⁶

¹ Gertrude Elizabeth Margaret Anscombe, 'Modern Moral Philosophy', *Philosophy*, 33 (1958), 1–19.

² Martha C. Nussbaum, 'Virtue Ethics: A Misleading Category?', *The Journal of Ethics*, 3 (1999), 163–201.

³ Anthony Kenny, *An Illustrated Brief History of Western Philosophy* (Oxford: John Wiley & Sons, 2019). Plato's 'Theory of Ideas' (also known as Forms) asserts that perfect Forms or Ideas exist in the universe of all things and what human beings perceive of them in the world are merely reflections of them. That is why people think they know real ideas, but that is not the case. Perfect forms are stored in people's souls, and only philosophers are able to study them. The Forms are abstract models that are eternal. The phenomena flowing from and formed by these Forms are not eternal, however. Aristotle looked at changes in natural processes and claimed that man has no inborn ideas but that thoughts and ideas come through the senses. Aristotle used both mind and senses to come to knowledge. Plato developed knowledge by experimenting and reasoning in an inductive way, while Aristotle developed knowledge on the basis of research and experience or by deduction.

⁴ Kenny, p. 58.

⁵ Kenny, p. 58.

⁶ Henri Oosthout, *Kritische Geschiedenis Van De Westerse Wijsbegeerte: I. Oudheid, Patrïstiek, Vroege Middeleeuwen* (Utrecht: Klement Uitgeverij, 2018).

Aristotle wrote on a wide range of topics such as politics, rhetoric, logic, poetry, music and biology. After Plato's death, he started his own school, the Lyceum, where he taught 'older' students in particular, who most probably went on to become politicians. In his view, if these men wanted to become good politicians and rule the city of Athens properly, bearing in mind the wellbeing of its citizens and the state itself, it was necessary to study the individual first. This is known as the 'endoxic' method.⁷ A good man must have a good character. In order to study the characters of others and agree upon what is good or excellent, it is necessary to observe them and discuss with others what they think is good. In other words, the beliefs or opinions, in Greek *endoxa*, are the commonly accepted views about good and bad, hence the basis of virtues. Aristotle thought that virtues are culturally embedded and impossible to define very exactly or precisely, only 'roughly and in outline'.⁸

In the *Nicomachean Ethics*, Aristotle explains what virtues are and how someone can act virtuously. Virtues are not established from one day to the next, rather continuous training is required. Ultimately, acting virtuously must be internalised in a person's character as customary practice. And it is only after a person's death that an evaluation can be made as to whether his life was worthy and virtuous. Aristotle died in 322 BCE, a year after Alexander the Great, whom he had taught for several years.

The End: Eudaimonia

Aristotle's virtue ethics shares its teleological stance with consequentialist/utilitarian theories as he elucidates straight away in the first sentence from his first book, 'Every art and every inquiry, and similarly every action and pursuit, is thought to aim at some good; and for this reason the good has rightly been declared to be that at which all things aim'.⁹ It differs, though, from utilitarian theories as it does not aim to maximise its end. Aristotle's end is *eudaimonia*,¹⁰ which is commonly translated as 'happiness'. However, in the Aristotelian sense, happiness is not a static state of joy and luck in one's life as it is nowadays defined. Nor is it comparable with hedonism, which seeks pleasure and avoids pain in its pursuit of happiness and whose most famous protagonist is Epicurus.¹¹

⁷ Oosthout, chapter 5, p. 2.

⁸ Aristotle, *Nicomachean Ethics*, trans. by W.D. Ross (Blacksburg: Virginia Tech, 2001). Book I:3.

⁹ Aristotle, Book I:1.

¹⁰ Mark Timmons, *Moral Theory: An Introduction* (Lanham: Rowman & Littlefield Publishers, 2012).

¹¹ John Deigh, *An Introduction to Ethics* (Cambridge: Cambridge University Press, 2010). Nowadays, for many, Epicurus is synonymous with the pursuit of pure pleasure. Epicurus, however, adhered to a moderate and perhaps

The Aristotelian meaning of happiness can best be described as living a life successfully or as human flourishing, i.e. human beings striving to live well. To explain this, Aristotle linked the end or purpose of human beings to their function. What makes a human life good? Or what makes individuals good? In his opinion it is a rational activity of living well or being a good individual, which is performed well and not just a means to an end. His famous remark, ‘For one swallow does not make a summer...’,¹² underpins that this is a continuous and ongoing process. For example, one should not strive just to become rich, but to do good with one’s wealth. The same applies to honour. Politicians should not aim to be praised but should do things that are honourable and which are good for the state, so that they are rightly admired.

This is Aristotle’s general perspective of the function, whether of a thing, an animal or a person. A horse should be a good horse but also be good at racing and carrying his rider. A plant must grow well and bear fruit that can feed people or animals. What distinguishes human beings from other living creatures is their possession of reason. Timmons has clearly explained this so-called function argument of Aristotle.¹³ First of all, it is about what is the highest good of human beings, namely their purpose or function. Then it is about what distinguishes them from other living creatures. This, Timmons argues, concerns the possession and use of reason, that is to say, the rationality of mankind, which enables them to reason and make balanced choices. Hence, the function of the human being is the pursuit of being a good person, and his rational activities or actions of the soul should be in accordance with virtue.

Virtues

The previously mentioned comparison with deontology comes into play here. The main difference compared with deontology, which many people equate with Kantianism, is that Aristotle’s virtue ethics does not provide a ‘manual’ of moral rules of conduct, as Kant rather firmly and uncompromisingly does. *Arete*, Greek for virtue, stands for the goodness or excellence of a person and is a characteristic trait of human beings.¹⁴ Aristotle distinguishes between two kinds of virtues:¹⁵ virtues of thought, which can be taught and learnt, and virtues of character, which necessitate experience and habituation. The former are intellectual or

even ascetic way of life in his pursuit of happiness, as is clear from his Letter to Menoeceus. Epicurus, *Letter to Menoeceus*, trans. by Robert Drew Hicks (University of Adelaide Library, 2004).

¹² Aristotle, Book I:7.

¹³ Timmons, pp. 247-248.

¹⁴ Oskari Kuusela, *Key Terms in Ethics* (London: Bloomsbury Publishing Plc, 2011), p. 114.

¹⁵ Aristotle, Book II:1.

theoretical virtues obtained by the use of reason, such as wisdom, judgement and practicality.¹⁶ The latter are moral virtues or philosophic wisdom, such as liberality, temperance, friendliness and courage. Although moral virtues can be managed by reason, they are not fully controllable as they result from habit.¹⁷

Aristotle distinguishes three soul-related aspects, namely passions, faculties and states of character.¹⁸ By passions he means appetites and desires that man longs for. They can be the ordinary needs to eat and drink, find safety, sleep and so on. In addition, there are feelings such as confidence, joy, hatred, and ones that originate or go together with pain and pleasure. However, it is not the passions that make people virtuous or not. After all, someone who is hungry is not praised nor condemned for being so.

Faculties enable people to feel and experience their passions: the faculty to become angry when they experience wrong-doing, the faculty to be compassionate when they see grief, and the faculty to escape in the event of perceived danger. Aristotle stated that man has these faculties by nature but that it is not nature that makes man good or bad. Therefore, if neither the passions nor the faculties are virtues, then they must be associated with the states of character. The state of character enables an individual to choose which action he goes for: a virtuous one or not. Virtue is thus a state of character.

In-between Vices

Aristotle claimed that it is not only having character traits, but above all how one acts, how one applies these character traits, that decides whether someone is virtuous or has virtues. A virtue is neither superfluous nor deficient; it must be located at an intermediate level between excess and defect or shortfall, halfway between the vices, which are the extremes.¹⁹ For the moral virtues Aristotle introduced the golden mean, which holds the middle or balance between the extremes.²⁰ However, the golden mean is also contextualised, and the virtues are not so absolute as the duties in Kant's moral system. For example, following Kant's moral beliefs,²¹ a lie is

¹⁶ Kuusela, pp. 114-115, p. 145. Practical wisdom or knowledge (*phronēsis* in Greek) is essential to acquire *eudaimonia* both for oneself and for others.

¹⁷ The Greek word for habit is *ethos*, the one for moral virtue is *ethike*. Etymologically they share the same root. Ethics is the philosophical study of morality as explained by John Deigh in *An Introduction to Ethics*, *Cambridge Introductions to Philosophy* (Cambridge: Cambridge University Press, 2010), p.7.

¹⁸ Aristotle, Book I:5.

¹⁹ Aristotle, Book II: 6,7.

²⁰ Russ Shafer-Landau, 'Introduction to Part XI', in *Ethical Theory an Anthology*, ed. by Russ Shafer-Landau (Chichester: John Wiley & Sons Ltd, 2013), pp. 611-14 (p. 611).

²¹ Deigh, pp. 140-146.

never acceptable. After all, if everyone was able to lie, who could be trusted then in the end? Thus, lying is never permitted in Kant's paradigm. In Aristotle's virtue ethics, nobody should lie either, but there are occasions when lying could be tolerated. Lying to protect your beloved, family, friends or citizens could be such a case. An obvious example in Amsterdam involved the hiding of Jews during the Second World War. The German rulers stipulated that hiding Jews was forbidden, but anyone who could even remotely imagine what would happen to the deported Jews lied about it. It turned out in the end that it was a good thing to lie in order to protect the Jews. Aristotle would have agreed with lying in this specific case. Moreover, he probably would have judged the opposite, not lying, to be more treacherous.

Looking more in depth at what is implied with the golden mean demands more explanation. Aristotle zeroes in on the states of character,²² some of which have to do with the passions, the appetites, and feelings of fear and pleasure such as courage and temperance. Others involve a person's conduct with regard to financial issues, either spending or taking too much or too little, like liberality and magnificence. The matters of honour lie in pride and magnitude. Where manners are concerned, the social interaction between people, he mentioned friendliness and wittiness amongst others. To elucidate what he implied with the means, a few of them will be discussed in more detail here. For instance, concerning feelings of fear and confidence, the mean is courage. Aristotle gives no name to an excess of fearlessness. Overconfidence, i.e. exceeding in confidence, gets the connotation rash; the opposite, having a lack of confidence and being too frightened, is cowardice.²³ About financial affairs, a man can be too wasteful or profligate or, on the contrary, too avaricious. He should strive for generosity, or as Aristotle put it, the mean is liberality.

Four virtues are the most fundamental or cardinal ones for Aristotle, combining reason and emotion, and forming the foundation of his moral virtues. All other virtues spring from these four: prudence, justice, courage and temperance.²⁴

²² Although these are explained a little later, among the virtues commonly summed up are: courage, temperance, justice, liberality, magnificence, pride, magnitude, prudence, friendliness, modesty, wittiness, and patience. Jacques P. Thiroux and Keith W. Krasemann provide a list with some of these virtues and vices. Jacques P. Thiroux and Keith W. Krasemann, *Ethics: Theory and Practice* (Harlow: Pearson Education, 2013), p. 67.

²³ Aristotle, Book II:7.

²⁴ Timmons, p. 245.

Strengths and Weaknesses of Virtue Ethics

In this essay the strengths of Aristotle's virtue ethics have already been discussed to some extent. Obviously, his theory avoids the dichotomy of the consequentialist theories on the one hand, and the deontological on the other. Like the consequentialist theories, it focuses on achieving the final goal. But while the central tenet in utilitarianism (as one of the most distinctive branches of consequentialism) is to maximise the highest good for the greatest number of people, known as 'the greatest happiness principle',²⁵ virtue ethics' purpose is human flourishing, to live a good life for oneself as well as for others. Consequently, the theory is also very social as a person does not strive to live well only for oneself as ethical egoism, which focuses on self-interest.²⁶ Aristotle's views integrate both ratio and emotions.

Another strength is the contextuality, which takes into consideration the circumstances in which a person finds himself. This is contrary to the deontological theory of Kant, whose Categorical Imperative holds to stringent duties.²⁷ It can be said that Aristotle's virtue ethics complements other theories.

A third strength is the fact that virtues are built up and improved throughout life and that this is a continuous process. The intellectual virtues are acquired through study, the moral virtues through habituation, by internalising good habits. The ultimate goal is to become a better person, holistically. This means not just following the good rules or pursuing good actions, but wanting to be intrinsically good.

As with every philosophical theory, virtue ethics is also heavily criticised. Let us look at some of its weaknesses. First, there is the question of conflicting virtues. For instance, a person is really ambitious and strives to become a professor in philosophy. With hard and consistent work, and because he is equipped with the necessary intelligence, this person eventually becomes a professor. However, as soon as he achieves this position, he turns into a pompous baboon. After all, the position of professor is reserved for only a few people. Not everyone has the intelligence and perseverance to reach the position, plus the number of positions is limited. Although the first mean between the vices of ambitious and unambitious is nameless, the disposition of the second one is pride, and its dichotomous vices are empty vanity and undue humility. These virtues are related to honour and clearly clashing.

²⁵ John Stuart Mill, 'Utilitarianism (1863)', in *Utilitarianism, Liberty, Representative Government* (1859).

²⁶ Timmons, p. 164.

²⁷ Immanuel Kant, *Fundamental Principles of the Metaphysic of Morals*, transl. by Thomas Kingsmill Abbott, *Kant's writings on the web* <<http://eserver.org/philosophy/kant/metaphys-of-morals.txt>> (1785).

Another example shows that virtues related to oneself and others may also diverge. A good friend tells you something in confidence and asks not to tell anyone. The recipient friend promises this. Then he discovers that not telling others could seriously hurt them, a consequence which might be prevented if they were aware of it. This makes some people consider virtue ethics to be vague. It does not provide clear ‘rules of conduct’ like the two ‘competing’ major normative theories, deontology and consequentialism. Aristotle would insist that the virtuous person would know how to act and therefore that strict rules are unnecessary.

Another problem arises with the identification and justification of the appropriate actions. Who is the one to judge? And by what right does he or she get to judge and decide? Obviously, the decision-making process is at stake. At the beginning of the Covid crisis, the often-heard criticism was that there was only a focus on medical well-being or healthcare rather than a broader focus emphasising medical, financial and social well-being.

Third, who is virtuous, or what makes a person virtuous? Is someone virtuous who jumps into the water, risking their own life to save someone from drowning, or is someone who does daily shopping for his dependent neighbour virtuous? And who decides this?

Finally, consistency also plays a role. How can a person guarantee that he will always act consistently with the circumstances in which he finds himself? It can be imagined that a person's behaviour among friends will be different from that at work or in the lecture hall. These are just some of the objections to Aristotle's virtue ethics that have been raised over the last 2000 years.

Today's Relevance

In the Lyceum Aristotle taught future leaders and politicians ruling the city-state. Leaders should cultivate virtues as they had an extra responsibility towards their citizens. They ought to strive to be excellent in order to act excellently. Aristotle's virtue ethics was meant to be their compass. It is thanks to both Anscombe's ‘Modern Moral Philosophy’²⁸ and Alasdair MacIntyre's *After Virtue*²⁹ that virtue ethics has experienced a revival in contemporary ethics. Anscombe's article criticises the theories prevailing at the time, in particular Utilitarianism and Kantianism. Virtue was more essential for her than duty or well-being.³⁰ The interesting angle

²⁸ Anscombe.

²⁹ Alasdair C. MacIntyre, *After Virtue: A Study in Moral Theory* (Notre Dame: University of Notre Dame Press, 1984).

³⁰ Patrick Delaere, ‘Deugdenethiek, Oud En Nieuw’, in *Basisboek Ethiek*, ed. by Van Martin Hees, Thomas Nys, and Ingrid Robeyns (Amsterdam: Boom, 2014), pp. 179-94.

of MacIntyre's work lies in his recognition that rationality is grounded in traditions. Like Aristotle, he acknowledges that moral rules are based on virtues and that these virtues are socially embedded.³¹ This social embedding is inherent in the Aristotelian method, in which the identification of virtue came about through *endoxa*.³²

In the 1980s and 1990s, leadership was a prominent subject when studying the performances of organisations.^{33,34,35,36} It was commonly alleged that strong leaders had a decisive role with regard to the corporate culture of their organisations, and that organisations with a strong culture were doing extraordinarily well.³⁷ The role of the leader and the organisational culture were intrinsically intertwined, and culture and leadership were seen as two sides of the same coin. The leader was pivotal in the creation of the culture when developing groups and organisations. Now, notwithstanding the influence of leaders on their organisation and/or society, the attention paid to the personal character traits of leaders, as portrayed by the virtues described above, seems to be something of more recent date.^{38,39,40}

It is not entirely surprising that, since the turn of the century, there has been a growing focus on ethical leadership. The numerous financial and political scandals have led to the introduction of all kinds of measurements. In the Netherlands, for instance, a good governance code was introduced, the 'Tabaksblatt Code',⁴¹ named after the chairman of the committee that drafted it. Its main objectives are to increase the transparency and accountability of Dutch corporate governance, and to improve the quality and integrity of the management and supervisory board of companies.⁴² Since then, specific codes for specific sectors have been

³¹ Delaere.

³² Kenny, p. 58.

³³ Edgar H. Schein, *Organizational Culture and Leadership. A Dynamic View*, 2nd edn (San Francisco: Jossey-Bass Inc., 1992). Schein describes corporate culture as consisting of various levels with a set of shared underlying basic assumptions such as beliefs, perceptions and thoughts; espoused values such as strategies, goals and philosophies; and the most visible level houses the artifacts such as the organizational structures and processes.

³⁴ John P. Kotter and James L. Heskett, *Corporate Culture and Performance* (New York: The Free Press, 1992).

³⁵ E. Terrence and Allan Kennedy, *Corporate Cultures: The Rites and Rituals of Corporate Life* (London: Penguin/Addison Wesley, 1988).

³⁶ Daniel Denison, *Corporate Culture and Organisational Effectiveness* (New York: John Wiley, 1990).

³⁷ Thomas J. Peters and Robert H. Waterman, *In Search of Excellence: Lessons from America's Best-Run Companies* (New York: Harper & Row Publishers, 1982).

³⁸ Robert A. Miller and Elizabeth W. Collier, 'Redefining Entrepreneurship: A Virtues and Values Perspective', *Journal of Leadership, Accountability and Ethics*, 8 (2010), 80-89.

³⁹ Mary Crossan, Daina Mazutis, and Gerard Seijts, 'In Search of Virtue: The Role of Virtues, Values and Character Strengths in Ethical Decision Making', *Journal of Business Ethics*, 113 (2013), 567-81.

⁴⁰ Rick D. Hackett and Gordon Wang, 'Virtues and Leadership: An Integrating Conceptual Framework Founded in Aristotelian and Confucian Perspectives on Virtues', *Management Decision*, 50 (2012), 868-99.

⁴¹ Corporate Governance Committee, 'The Dutch Corporate Governance Code: Principles of Good Corporate Governance and Best Practice Provisions' (The Hague, 2003).

⁴² Dirk Akkermans and others, 'Corporate Governance in the Netherlands: An Overview of the Application of the Tabaksblatt Code in 2004', *Corporate Governance: An International Review*, 15 (2007), 1106-18 (p.1113).

developed: four codes for ‘corporate’ or ‘commercial’ organisations, four for the financial sector, and 22 for the non-profit sector and public administration. Nevertheless, the number of scandals does not appear to have been reduced. In *Het Financieele Dagblad*⁴³ of 14 December 2020, the chairman of the committee responsible for monitoring compliance with the Tabaksblatt Code stated that it should be tightened.⁴⁴ As early as 2016, the signatories of the original Code indicated that companies should take into account the interests not only of the shareholder, but also of a wider range of stakeholders. It seems that companies are primarily adhering to the ‘comply or explain’ principle, which means that the accountability is rather poor and seems to have been done mainly for form’s sake. Chairperson Pauline van der Meer Mohr gave a few examples. Boards of directors and supervisory boards of companies indicate that they are working on a diversity policy, but say nothing about its content. Or boards make statements about their remuneration policy but without further explanation.⁴⁵

It would be interesting to see what virtue ethics would put forward regarding the role of leaders. But before diving into Aristotle’s thoughts and relating them to today’s management responsibilities, let us examine other perspectives. Gabriel Flynn⁴⁶ gave a good overview of the studies that have looked at what the virtues of leaders should be. He himself argued that leaders should have not only personal responsibility, referring to the virtues of Aristotle, but also social responsibility. They should strive for the holistic well-being of their workers or citizens, and he believed that this can be achieved by also paying attention to the contemplative element that leisure had previously, according to the German philosopher Josef Pieper to whom he refers. Rick D. Hackett and Gordon Wang⁴⁷ produced a similar review in which they looked at virtue ethics and the different styles of leadership. Interestingly, they studied not only the more Western ideas of Aristotle but also the more Eastern ideas of Confucius and, by merging them, came up with six cardinal virtues which were recognised in all seven leadership styles⁴⁸ they analysed. Moreover, by adhering to these six cardinal virtues, i.e. courage, temperance, justice, prudence, humanity and truthfulness, leaders would not only be effective and ethical but could also achieve happiness and life satisfaction.

⁴³ *Het Financieele Dagblad* (in English: The Financial Daily Newspaper) is a Dutch quality daily newspaper focusing on business and financial topics, similar to the *Financial Times*.

⁴⁴ Job Woudt, ‘Code Voor Goed Ondernemingsbestuur Gaat Mogelijk Op De Schop’, *Het Financieele Dagblad*, 14 December 2020, p.7.

⁴⁵ Woudt. 14 December 2020, p.7.

⁴⁶ Gabriel Flynn, ‘The Virtuous Manager: A Vision for Leadership in Business’, *Leadership and Business Ethics*, 78 (2008), 39-56.

⁴⁷ Hackett and Wang.

⁴⁸ The leadership styles/approaches they analyzed are: moral leadership, ethical leadership, spiritual leadership, servant leadership, charismatic leadership, transformational leadership and visionary leadership.

With reference to the above-mentioned newspaper, here are two recent examples to elucidate the impact of leaders.

The Impact of Leadership

First, one of the most poignant issues is the so-called ‘allowances affair’. This is a political affair in which approximately 26,000 parents were unjustly accused of suspected child care allowance fraud and/or became victims of a tough fraud approach at the Tax and Customs Administration from 2013 to at least 2019. Two members of parliament brought the affair to light in September 2018, and it is still not fully resolved. A parliamentary inquiry has been held during which the head of the tax administration and of the ministries and responsible (former) ministers involved have been heard. All of them declared at the hearings that they felt really sorry, and especially the administrator claimed to have had difficulties with carrying out the law. Nobody, however, sounded the alarm and questioned the ongoing problems that people were facing, apart from the two members of parliament. The verdict of the parliamentary interrogation committee sounds ruthless, and texts such as ‘The mighty institutions of the rule of law have failed’ as well as ‘institutional bias’ have been uttered.⁴⁹ The victims were ethnically profiled and discriminated against. As far as the question of guilt is concerned, a wide range of people are to blame: civil servants, ministers, members of parliament and judges. It is distressing that many parents have run into serious financial problems, have been classified as fraudsters, and have still not received compensation. Those responsible, including policy-makers and executives, civil servants, members of government and members of parliament, all failed to take the fate of those affected into account.

Another issue is that of former ING CEO Ralph Hamers. At the beginning of 2018, Hamers came under attack because of an announced salary increase. On 8 March 2018, *Het Financieele Dagblad* announced that Hamers’ salary would be increased by 50% to more than 3 million euros per year.^{50,51} Hamers would receive this in the form of a share package, as a result of which the bonus rules for banks would not apply. Not much later, the Supervisory

⁴⁹ Ulko Jonker, ‘Toeslagdrama: De Rechtsstaat Faalde Faliekant En Deed Ouders 'Ongekend Onrecht' Aan’, *Het Financieele Dagblad*, 18 December 2020, pp. 2-3. The articles about the so-called ‘allowance drama’ are numerous. In this essay only the one with the outcome of the interrogation has been cited and referred to.

⁵⁰ Ivo Bökkerink, ‘De Ceo Was De Enige Bij Ing Die Zwaar Werd Onderbetaald’, *Het Financieele Dagblad*, 8 maart 2018 <<https://fd.nl/economie-politiek/1245189/de-ceo-was-de-enige-bij-ing-die-zwaar-werd-onderbetaald>> [Accessed 17 December 2020].

⁵¹ Editor, ‘Woede Om Salarisverhoging Ing-Topman Hamers Haalt Ook Internationale Media’, *Het Financieele Dagblad*, 8 maart 2018 <<https://fd.nl/beurs/1245102/woede-om-salarisverhoging-ing-topman-hamers-haalt-ook-internationale-media>> [Accessed 17 December 2020].

Board withdrew this announced salary increase⁵² after a universal outcry of indignation about the wage increase. Not only politicians, but also the general public turned against the bank and, in particular, against the CEO, Ralph Hamers, and the Supervisory Board, which is responsible for his remuneration. The bank had just gone through large-scale reorganisations, which had led to many redundancies. Moreover, the State aid that the bank had received for its survival during the financial crisis had only just been repaid. In the same year, 2018, the bank became discredited again after it became known that a settlement of approximately 775 million Euro had been reached for the laundering of hundreds of millions of euros. Apparently, Hamers was aware of these money-laundering problems, and in December 2020 it was announced that the Court of Appeal in The Hague has decided to prosecute Hamers personally for them.⁵³

Conclusion

The above examples relate to issues of leadership or a lack of leadership. High-ranking people who were either responsible for making policy or for policy implementation knowingly tolerated abuses. In the first case, many people have experienced irreparable suffering. Compensation payments are going to take a long time. Whether, and if so what, the political consequences will be is as yet unknown. In the second case, in addition to fraudulent acts, there is also pride and limited understanding by society's support base. Both cases are about wrongdoing, negligence or perhaps even contempt for others, for putting oneself or one's own influence above the interests of others.

By applying Aristotle's ethics of virtue, both cases would not have happened. Virtuous leaders would have strived for Eudaimonia, not only for themselves but for everyone, because that is the function of man. By adhering to the mean, vices like extravagance or negligence would not have been committed. With the addition of the other two cardinal virtues, humanity and truthfulness, a lot of misery would have been avoided. Political and corporate leaders could create a more solid base of support for the actions they undertake with an impact experienced by many. Moreover, the inherent social embedding of virtuous ethics would take into account the importance of a wider range of stakeholders. And as Hackett and Wang claim, the leaders

⁵² Editors, 'Ing Trekt Salarisverhoging Hamers In', *Het Financieele Dagblad*, 13 maart 2018 <<https://fd.nl/ondernemen/1245550/ing-trekt-salarisverhoging-hamers-in>> [Accessed 17 December 2020]

⁵³ Job Woudt, 'Pieter Lakeman Haalt Op Zijn 78ste De Hoofdprijs Binnen', *Het Financieele Dagblad*, 16 December 2020, pp. 16-17.

themselves would be happier and more effective. In short, virtue ethics proves to be more than relevant in today's world and, above all, globally applicable.

Bibliography

Akkermans, Dirk, van Ees, Hans, Hermes, Niels, Hooghiemstra, Reggy, van der Laan, Gerwin, Postma, Theo and van Witteloostuijn, Arjen, 'Corporate Governance in the Netherlands: An Overview of the Application of the Tabaksblat Code in 2004', *Corporate Governance: An International Review*, 15 (2007), 1106-18.

Anscombe, Gertrude Elizabeth Margaret, 'Modern Moral Philosophy', *Philosophy*, 33 (1958), 1-19.

Aristotle, *Nicomachean Ethics*, trans. by W.D. Ross (Blacksburg: Virginia Tech, 2001).

Bökkerink, Ivo, 'De Ceo Was De Enige Bij Ing Die Zwaar Werd Onderbetaald', *Het Financieele Dagblad*, 8 March 2018. <<https://fd.nl/economie-politiek/1245189/de-ceo-was-de-enige-bij-ing-die-zwaar-werd-onderbetaald>> [Accessed 17 December 2020].

Corporate Governance Committee, 'The Dutch Corporate Governance Code: Principles of Good Corporate Governance and Best Practice Provisions' (The Hague: 2003).

Crossan, Mary, Mazutis, Daina and Seijts, Gerard, 'In Search of Virtue: The Role of Virtues, Values and Character Strengths in Ethical Decision Making', *Journal of Business Ethics*, 113 (2013), 567-81.

Deal, Terrence E. and Kennedy, Allan, *Corporate Cultures: The Rites and Rituals of Corporate Life* (London: Penguin/Addison Wesley, 1988).

Deigh, John, *An Introduction to Ethics, Cambridge Introductions to Philosophy* (Cambridge: Cambridge University Press, 2010).

Delaere, Patrick, 'Deugdenethiek, Oud En Nieuw', in *Basisboek Ethiek*, ed. by van Martin Hees, Thomas Nys and Ingrid Robeyns (Amsterdam: Boom, 2014), pp. 179-194.

Denison, Daniel, *Corporate Culture and Organisational Effectiveness* (New York: John Wiley, 1990).

Editor, 'Woede Om Salarisverhoging Ing-Topman Hamers Haalt Ook Internationale Media', *Het Financieele Dagblad*, 8 March 2018. < <https://fd.nl/beurs/1245102/woede-om-salarisverhoging-ing-topman-hamers-haalt-ook-internationale-media>> [Accessed 17 December 2020].

Editors, 'Ing Trekt Salarisverhoging Hamers In', *Het Financieele Dagblad*, 13 March 2018, 2018. <<https://fd.nl/ondernemen/1245550/ing-trekt-salarisverhoging-hamers-in>> [Accessed 17 December 2020].

Epicurus, *Letter to Menoecus*. trans. by Robert Drew Hicks (University of Adelaide Library, 2004).

Flynn, Gabriel, 'The Virtuous Manager: A Vision for Leadership in Business', *Leadership and Business Ethics*, 78 (2008), 39-56.

Hackett, Rick D. and Wang, Gordon, 'Virtues and Leadership: An Integrating Conceptual Framework Founded in Aristotelian and Confucian Perspectives on Virtues', *Management Decision*, 50 (2012), 868-99.

Jonker, Ulko, 'Toeslagdrama: De Rechtsstaat Faalde Faliekant En Deed Ouders 'Ongekend Onrecht' Aan', *Het Financieele Dagblad*, 18 December 2020, pp. 2-3.

Kant, Immanuel, 'Fundamental Principles of the Metaphysic of Morals', translated by Thomas Kingsmill Abbott, *Kant's writings on the web* <<http://eserver.org/philosophy/kant/metaphys-of-morals.txt>> (1785).

Kenny, Anthony, *An Illustrated Brief History of Western Philosophy* (Oxford: John Wiley & Sons, 2019).

Kotter, John P. and Heskett, James L., *Corporate Culture and Performance* (New York: The Free Press, 1992).

Kuusela, Oskari, *Key Terms in Ethics* (London: Bloomsbury Publishing, 2011).

MacIntyre, Alasdair C., *After Virtue* (Notre Dame: University of Notre Dame Press, 1984).

Mill, John Stuart, 'Utilitarianism (1863)', in *Utilitarianism, Liberty, Representative Government* (1859).

Miller, Robert A. and Collier, Elizabeth W., 'Redefining Entrepreneurship: A Virtues and Values Perspective', *Journal of Leadership, Accountability and Ethics*, 8 (2010), 80-89.

Nussbaum, Martha C., 'Virtue Ethics: A Misleading Category?', *The Journal of Ethics*, 3 (1999), 163-201.

Oosthout, Henri, *Kritische Geschiedenis Van De Westerse Wijsbegeerte: I. Oudheid, Patristiek, Vroege Middeleeuwen* (Utrecht: Klement Uitgeverij, 2018).

Peters, Thomas J. and Waterman, Robert H., *In Search of Excellence: Lessons from America's Best-Run Companies* (New York: Harper & Row Publishers, 1982).

Schein, Edgar H., *Organizational Culture and Leadership. A Dynamic View*, 2nd edn (San Francisco: Jossey-Bass Inc., 1992).

Shafer-Landau, Russ, 'Introduction to Part XI', in *Ethical Theory: An Anthology*, ed. by Russ Shafer-Landau (Chichester: John Wiley & Sons Ltd, 2013), pp. 611-614.

Thiroux, Jacques P. and Krasemann, Keith W., *Ethics: Theory and Practice* (Harlow: Pearson Education, 2013).

Timmons, Mark, *Moral Theory: An Introduction* (Lanham: Rowman & Littlefield Publishers, 2012).

Woudt, Job, 'Code Voor Goed Ondernemingsbestuur Gaat Mogelijk Op De Schop', *Het Financieele Dagblad*, 14 December 2020, p.7.

———, ‘Pieter Lakeman Haalt Op Zijn 78ste De Hoofdprijs Binnen’, *Het Financieele Dagblad*, 16 December 2020, pp. 16-17.