

# Chapter 29

## Professionalism in Business: Insights from Ancient Philosophy

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**Abstract** Business schools have the responsibility to inspire professional culture in future managers. This means that they have to provide them not only with the expertise, knowledge and skills required in their field of specialization, but also with a sense of responsibility toward others and society at large. This need has been increasingly evident during the period of the global financial crisis, and a number of initiatives have been reported by business schools worldwide to address the issue.

In this paper we examine the issue of professionalism in business management from two perspectives: business practice, and relation to ancient philosophy. Drawing from the literature, we propose a framework defining professionalism as composed of three patterns: (a) possession of a systematic body of knowledge, (b) commitment to a good broader than self-interest, and (c) an overall ethical character of the activity and ethical conduct. We show how these patterns are reflected to the expectations that corporations have from business practitioners. We further demonstrate that substantial elements of business professionalism are strongly related to core values and principles introduced in the social and political thought of ancient philosophers, and thus suggest that ancient philosophy could be used as a means for inspiring professionalism in business managers.

### 29.1 The Notion of Profession and Business Management

Over the last several decades, a substantial amount of literature has emerged related to professionalism. Researchers use a wide range of criteria to evaluate the professional quality of an occupation in order to define it as a profession. Most of them agree on the following set of elements:

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- *Possession of a systematic body of special knowledge.* Professionals possess expert knowledge in their area of specialization. This knowledge is based on a well developed and widely accepted theoretical base, can be further extended by research and is passed on through institutions of formal education. Formal training in a profession includes the development of certain skills as well as the mastery of the traditions of this particular occupation, an appreciation of its contribution and the will to continue this tradition. Therefore it also entails the need for professionals to remain informed of the latest developments in the field and be engaged in continuous learning (Andrews 1969; Barker 2010; Blackburn and McGee 2004; Donaldson 2000; Donham 1962; Duncan 1971; Hooker 1996, 2007; Khurana et al. 2005; Khurana and Nohria 2008; Parkan 2008; Pelegrino 2002; Purkerson Hammer 2000; Shah et al. 2008; Trank and Rynes 2003).
- *Commitment to a good broader than self-interest.* Professions are institutions designed to address identified social needs and accomplish specific social goods. Members of a profession have knowledge and skills on a specific field that other members of the society do not have. Thus, they are entrusted by the public to provide services or products that the public cannot create on its own. The public depends on professionals and trusts them as members of the profession. Therefore, professionals are characterised by a motive of service to other members of the society and committed to a good broader than self-interest (Andrews 1969; Blackburn and McGee 2004; Donaldson 2000; Donham 1962; Khurana et al. 2005; Parkan 2008; Pelegrino 2002; Purkerson Hammer 2000; Shah et al. 2008; Trank and Rynes 2003).
- *Ethical character of the activity and ethical conduct.* Professionals are also characterised by a disposition and commitment to apply their expertise responsibly. Their activity is practiced within an ethical framework that sets standards of conduct which govern professional relationships and influence behaviour, while disciplining poor or improper performance. That is why a number of researchers include adherence to a code of ethics among their criteria for qualifying an occupation as a profession. Such codes articulate the profession's higher aims and social purposes, and propose ways in which they must be pursued. As a consequence, some researchers also presume that each profession has mechanisms to control professionals' behaviour and competence and discipline poor performance (Andrews 1969; Barker 2010; Duncan 1971; Hooker 1996, 2007; Khurana et al. 2005; Khurana and Nohria 2008; Parkan 2008; Pelegrino 2002; Purkerson Hammer 2000; Shah et al. 2008; Trank and Rynes 2003).

There has been significant debate over the years on whether business management can be characterised as a profession. Comparing management with other acknowledged professions (e.g. medicine, law), some researchers have claimed that there is no consensus on the requisite body of knowledge that the managers should possess, there is no professional body to grant control over managers, and no formal certification is required for someone to become a manager. Furthermore, they doubt if business management is oriented toward the needs of the society or whether it serves the public good, while it lacks a code of ethics to guide professionals' performance (Donham 1962; Khurana et al. 2005; Barker 2010).

On the other hand, many researchers (e.g. Brandeis 1912; Andrews 1969; Hooker 1996; Donaldson 2000; Parkan 2008) believe that the knowledge base of the field provides business practitioners with the knowledge and skills required to be qualified as professionals. They also claim that managers serve a good broader than self-interest, since recent management theories (e.g. Stakeholder Theory, Social Contracts Theory, Corporate Social Performance) posit a broader good as part of the function of a successful corporation, and managers' skills affect the function of the corporate organization.

In this paper we argue that business management is indeed a profession, as corporate expectations for their executives coincide with the three-fold definition of professionalism proposed above. These requirements have been increasingly evident, especially during the period of the global financial crisis, driving business schools worldwide to take initiatives to inspire professional principles to future business managers. We further demonstrate that these patterns of behaviour coincide with core values and principles introduced in the social and political thought of Aristotle and Confucius. We thus show that the qualities of professionalism have their roots in ancient thought and, therefore, that ancient philosophy could be used as a means for inspiring professionalism in business managers.

## **29.2 The Threefold Substance of Professionalism in Business**

Managers, as described in the literature, have four principal functions: they plan, organise, lead and control the human, financial, material and other resources of the organisation, in order to increase its effectiveness (George and Jones 2004; Bartol and Martin 1998). To perform these four functions, managers adopt specific roles, i.e. sets of behaviours associated with their position. Mintzberg (1990) identifies three general types of roles: interpersonal, informational and decisional roles. To correspond to the duties and tasks of these roles professionally, we argue that managers should have adequate knowledge and skills; their activities should aim to respond to identified needs and interests of the society and their actions and conduct should be characterized by an ethical disposition.

### ***29.2.1 The “Knowledge and Skills” Criterion***

To perform their functions and roles, managers have extensive knowledge and certain skills related to their field. Bartol and Martin (1998) explain that managers should have knowledge of technology, industry, organizational policies and practices, goals, plans and culture, as well as knowledge of the personalities of organization members and other important stakeholders (suppliers, customers). Furthermore they claim that managers should have certain skills that allow them to perform effectively in their roles: technical, human, and conceptual skills.

*Technical skills* are the ones that reflect an understanding and a proficiency in a specific field (e.g. accounting, finance, marketing). They depend on the organization the manager works for and his/her position in this organization. *Human skills* are related to managers' ability to communicate with others, understand them, work with them as a member of a group, or lead, control and motivate them to develop themselves and reach their best performance. *Conceptual skills* allow managers to visualize the organisation as a whole, analyse organisational settings, recognise the interrelationships among organizational parts, and identify the dynamics of individual and group behaviour. They also help managers understand the role, position and connections of the organization in relation to the wider context of the industry, community and world (George and Jones 2004; Bartol and Martin 1998). In addition, they need to be aware of the developments in best management practices and further develop their skills in order to face effectively the rapidly and continuously changing corporate environment.

### 29.2.2 The “Broader Good” Criterion

Hooker (1996) argues that even though business people are not generally viewed to have a service mission, they generate wealth by creating value. Business managers take raw materials, capital and human resources and transform them into valuable goods and services. Moreover, their decisions affect the economic growth and prosperity (or the decay) of the employees, the organisation, and its stakeholders. Their personnel-related decisions influence the livelihood of their employees and therefore, affect the economic and social health of the community. Thus, by performing their professional duties well, business managers fulfil the managers' professional obligation, i.e. the expectations that the public has from the members of the profession. For Hooker this obligation can be summarised as follows: to create wealth, to provide gainful and meaningful employment, and to contribute to social order and stability.

As Donaldson (2000) further notes, current management theories (e.g. Stakeholder Theory, Social Contracts Theory, Corporate Social Performance) posit a broader good as part of the function of a successful corporation. Social Contract Theory positions the responsibility of the corporation in the context of its implicit contract with society. Stakeholder Theory recognises that all persons or groups of persons who have legitimate interests in an organisation should obtain benefit from their association with it (Donaldson and Preston 1995). Wood (1991), revisiting Corporate Social Performance, argues that business and society are not distinct entities, but are interwoven. Thus, managers, as the individual human actors by whom the company's social responsibilities are met, are obliged to exercise their discretion toward socially responsible outcomes through their decisions and choices.

The fact that organisations and their management have a service mission is also reflected in managers' professional codes of conduct. As we have mentioned before, such codes establish the profession's higher aims, the social purposes that

members of the profession embrace, and provides guidelines for how an occupant of a role ought to behave. Khurana and Nohria (2008) argue that management lacks such a code, so they propose “A Hippocratic Oath for Managers”, that management could embrace. According to the code, manager’s role is to serve the public’s interest by enhancing the value created by the enterprise for the society. This value has to be sustainable and that is achieved when the economic, social and environmental output that the organization creates is greater than the inputs it consumes for this purpose. Managers should take into account and balance the different or even conflicting interests of all constituencies with whom the organization’s activity is connected. Personal benefit should never supersede or harm the interest of the organization or the society, in which they operate.

### 29.2.3 *The Criterion of “Ethics”*

In current management textbooks, both the challenge of creating an ethical organization and the need for managers to be ethical are presented. At the organization’s level, corporate social responsibility is related to the well-being of corporations and the societies in which they operate, while at the individual’s level, ethics of managers are discussed (George and Jones 2004; Bartol and Martin 1998). Managerial ethics, as standards of behaviour and moral judgment used by managers when carrying out their roles, are proposed to satisfy the expectations of the individual, the organization and the public.

In this context, Bartol and Martin (1998) emphasize the importance of managers’ obedience to the letter and the spirit of the law; telling the truth in order to build trust with stakeholders; treating others with fairness and respect; learning about the needs of stakeholders, rather than deciding what is best for them; and taking action whenever managers have the capacity and resources to do so.

Professional codes, as statements of civic expectations that express the moral standards of behaviour with which professionals need to comply as members of a profession (Gilman 2005) can also be used as a source for defining the ethical component in business activity. Khurana and Nohria (2008) describe managers’ behaviour as an example of integrity. Managers are expected to place great importance on transparency and disclosure, understand and fully comply with the laws that govern the enterprise and the society, and report violations. Their behaviour towards colleagues should be unbiased by any considerations of race, gender, sexual orientation, religious beliefs, social status etc. They are also expected to provide fair opportunity to all, and wield their power with humility and respect, ensuring that the interests of those who do not have power are protected and the voices of those who may not enjoy decision rights are heard. At the same time, recognising that they owe their status and privileges to the trust that the society places on their profession, they are supposed to honor and preserve its reputation and advance its standards.

Having identified the basic qualities of professionalism in a business environment, we proceed to examine whether business practitioners are expected to reflect these qualities in practice.

### **29.3 How Do Organizations Define Business Professionalism? Evidence from Practice**

A number of interesting studies have been conducted during the last decades regarding the principles that organisations embrace and apply to their business affairs (e.g. Stevens 1994; Gordon and Maiko 1999; OECD 2001; Kaptein 2004; Gilman 2005). These principles, either explicitly expressed in the organization's code of business conduct or implicitly contained in other corporate reports, reflect the organisations' mission, values and policies with which the members of the organization are expected to comply.

An interesting approach related to business professionalism was proposed by Palencia (2006) who analyzed the business principles of a number of well-known organizations (Goldman Sachs, Nestlé, Nigeria LNG Limited, Shell, Maersk, ING, Heineken, Unilever, HSBC, Telefónica Europe) to achieve a set of desirable professional patterns. The characteristics that he found common for most organisations were then divided into three categories, i.e. habits, virtues and skills. Habits include excellence, intense effort, meritocracy, confidentiality, power of good examples, minimal bureaucracy, conflict personal-business, speed, and involvement in community. Virtues include trust, never denigrating others, integrity and honesty, respect, accountability, and whistle-blowing. Finally, skills include creativity and teamwork.

To further enrich Palencia's findings, we analysed the content of corporate reports and codes of the organisations included in the list of World's Best Multinational Workplaces<sup>1</sup> for 2011, recognised by the Great Place to Work Institute.<sup>2</sup> This list includes companies that have appeared on at least five national Best Workplaces lists, operate in 10 countries on average, are active in a variety of sectors (information technology, professional services, manufacturing, telecommunications, biotechnology and pharmaceuticals, hospitality, food and beverages, financial services and insurance, transportation, consulting, etc.), have at least 5,000 employees worldwide, and average annual revenue of US\$24.5 billion. Using the data collected, we identify the qualifications and skills that business professionals are expected to have, the objectives the firms set for business activity, as well as the standards of behaviour they expect business professionals to adopt.

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<sup>1</sup> <http://www.greatplacetowork.com/best-companies/worlds-best-multinationals/list-of-the-25-best-from-2011>

<sup>2</sup> Great Place to Work Institute, <http://www.greatplacetowork.com>

### 29.3.1 *Knowledge and skills' Requirements*

To be professionally competent, employees should have *expert knowledge*. Expert knowledge entails excellent technical *skills*, as well as functional and industry skills. As Accenture cites<sup>3</sup>:

We expect our people to actively build market-relevant skills. Accenture seeks people with the right combination of technical, functional and industry skills for client roles.

Knowledge, experience, skills and competence are tested before recruitment to ensure that employees have the expertise required for a particular position. SAS<sup>4</sup> states:

To be considered for an open position, all applicants must meet the specific education, training, and experience qualifications for the open position. . . . Competency-based interviewing is used to identify the ability, experience, and knowledge needed for a particular position.

*Intense effort* to provide best *quality* and *excellent performance* should also be pursued. According to Accenture's statement:

A company-wide focus on Performance Excellence helps us continuously raise our game and take our execution discipline to new levels. . . . We start with quality in mind to ensure superior execution and deliver Accenture on its best day, every day to our clients.

Soft skills, such as *teamwork*, *creativity*, *innovation*, and *flexibility*, are also critical, as they facilitate the application of technical skills and knowledge (Moss and Tilly 1995; Kantrowitz 2005). As stated by the same company:

Creativity feeds delivery, which feeds innovation. Accenture depends on the innovative spirit of our people to generate improvements. . . . We create competitive advantage and differentiated thought leadership by collaborating, teaming and sharing our knowledge and expertise across our global organization.

Organisations themselves take initiatives to advance knowledge and skills of their employees. As Atento<sup>5</sup> quotes:

Atento makes the best talent available at the service of the client to provide care for their customers. To do this we have introduced advanced training programs specially designed to help individuals to develop and give their best, both during their time at Atento and in their future careers.

<sup>3</sup> Accenture's Code of Business Ethics: Our Core Values in Action, [http://www.accenture.com/SiteCollectionDocuments/PDF/219006\\_CoBE\\_OnlineRVN\\_v03\\_Englishv5.1.pdf](http://www.accenture.com/SiteCollectionDocuments/PDF/219006_CoBE_OnlineRVN_v03_Englishv5.1.pdf)

<sup>4</sup> The Quality Imperative: SAS Institute's Commitment to Quality, [http://www.sas.com/resources/whitepaper/wp\\_4152.pdf](http://www.sas.com/resources/whitepaper/wp_4152.pdf)

<sup>5</sup> Atento Report 2010: Happy Customers, Healthy Businesses, <http://www.atento.com/Midia/Library/fc47bd2b-b346-4204-a364-4143e185c8d8.pdf>

### 29.3.2 Value Creation to Stakeholders

Value creation for all *stakeholders* appears to be an end of organizational activity. It doesn't apply merely to shareholders, but to employees, consumers and business partners, and to society at large as well. As stated by Diageo<sup>6</sup>:

Diageo's business activities directly affect the lives of millions of people around the world. This brings a responsibility to ensure that all those with a stake in Diageo can benefit from the relationship,

and Telefonica<sup>7</sup>:

Our Vision

Improving people's lives around the world by transforming possibilities into reality – building a better future for everyone: our customers, employees, society, shareholders and partners.

This mission reflects on and guides decision making. Novo Nordisk<sup>8</sup> quotes:

Every day we must make difficult choices, always keeping in mind what is best for patients, our employees and our shareholders in the long run.

Creating value for shareholders and working for the best interest of the company is regarded as one of the major responsibilities of employees. This principle must guide decisions, especially in cases of conflict of interest. As quoted by American Express<sup>9</sup>:

We are all expected to act in the best interests of our Company and to exercise sound judgment when working on our Company's behalf. This means that business decisions should be made free from any conflict of interest. Even the appearance of a conflict can damage your or American Express's reputation.

Employees' and organizations' obligation toward the society entails *involvement in the community(-ies)* where they operate. According to Intel's statement<sup>10</sup>:

Intel intends to be a leader in encouraging education and enhancing the communities in which we do business. We do this by challenging ourselves and others to continuously improve, inspire, and strengthen our communities, as well as enabling technologies that improve the lives of people around the world.

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<sup>6</sup> Diageo's Code of Business Conduct: The way we work, every day, everywhere, [http://www.diageo.com/Lists/Resources/Attachments/500/Code%20of%20conduct\\_10\\_v25\\_NoSpeakUp.pdf](http://www.diageo.com/Lists/Resources/Attachments/500/Code%20of%20conduct_10_v25_NoSpeakUp.pdf)

<sup>7</sup> Telefonica, Our Business Principles, [http://www.telefonica.com/en/about\\_telefonica/pdf/OurBusinessPrinciples.pdf](http://www.telefonica.com/en/about_telefonica/pdf/OurBusinessPrinciples.pdf)

<sup>8</sup> Novo Nordisk Annual Report 2010, <http://annualreport2010.novonordisk.com/web-media/pdfs/Novo-Nordisk-AR-2010-en.pdf>

<sup>9</sup> My Company, My Code, <http://ir.americanexpress.com/phoenix.zhtml?c=64467&p=irol-govConduct>

<sup>10</sup> Intel Code of Conduct, <http://www.intel.com/content/dam/doc/corporate-information/policy-code-conduct-corporate-information.pdf>



Concerning *customers*, value creation entails providing safe, high quality products and services, building lasting relationships, and corresponding to their needs effectively. As stated by McDonald's<sup>11</sup>:

Our customers are the reason for our existence. We demonstrate our appreciation by providing them with high quality food and superior service, in a clean, welcoming environment, at a great value.

or by Quintiles<sup>12</sup>:

Quintiles is dedicated to:

... Building lasting customer relationships by focusing on customers' needs and striving to exceed their expectations through flexible, customer-driven solutions...  
Developing a reputation for quality; delivering services and information that meet or exceed the quality standards demanded by customers...

As far as it concerns *suppliers* and other partners, mutual benefit is pursued. As quoted by Hilti<sup>13</sup>:

We develop win-win relationships with our suppliers and partners. We carefully select our suppliers and support their development in order to build a win-win business relationship.

On the other hand, creating value for *employees* means that they work in a healthy and safe environment, they are provided with opportunities for skills' and professional development, and their rights are respected. As FedEx<sup>14</sup> quotes:

In return for your talent, we provide a dynamic work environment that supports you in building your career, and a comprehensive compensation and progressive benefits program that rewards your contributions to the business...  
(Diversity is)... about understanding the different cultures of our employees to ensure we're nurturing an inclusive environment.

### 29.3.3 Ethical Standards of Behavior

Higher ethical standards steer professional behavior and decision making. Taking into account that their activity and actions affect others and the world in general, business practitioners are supposed to be *socially and environmentally responsible* and promote *sustainability*. Marriott quotes<sup>15</sup>:

<sup>11</sup> McDonald's Standards of Business Conduct, [http://www.aboutmcdonalds.com/etc/medialib/aboutMcDonalds/corporate\\_governance/standards\\_of\\_business3.Par.98276.File.dat/9497\\_SBC\\_International\\_EN-US%20v2%20final%20061311.pdf](http://www.aboutmcdonalds.com/etc/medialib/aboutMcDonalds/corporate_governance/standards_of_business3.Par.98276.File.dat/9497_SBC_International_EN-US%20v2%20final%20061311.pdf)

<sup>12</sup> Doing the Right Thing: Your Resource Guide to Responsible Business Practices: <http://www.quintiles.com/elements/media/brochures/doing-right-thing.pdf>

<sup>13</sup> Hilti Code of Conduct for Suppliers, [http://www.hilti.com/fstore/holcom/LinkFiles/Hilti\\_code\\_of\\_conduct\\_for\\_suppliers\\_en.pdf](http://www.hilti.com/fstore/holcom/LinkFiles/Hilti_code_of_conduct_for_suppliers_en.pdf)

<sup>14</sup> FedEx Careers, [http://fedex.hodesiq.com/careers/about\\_us.aspx?User\\_ID=&Locale=en](http://fedex.hodesiq.com/careers/about_us.aspx?User_ID=&Locale=en)

<sup>15</sup> Marriot Business Conduct Guide: Our Tradition of Integrity, [http://files.shareholder.com/downloads/MAR/509713320x0x153737/BC21397A-7576-4F6D-B870-22EDEC6BF9A/conduct\\_guide.pdf](http://files.shareholder.com/downloads/MAR/509713320x0x153737/BC21397A-7576-4F6D-B870-22EDEC6BF9A/conduct_guide.pdf)

Marriott has a social responsibility to serve the greater community. Marriott is committed to minimizing the impact of our operations on the environment and to promoting environmental sustainability in partnership with conservation organizations around the world.

Environmental sustainability presumes efficient use of natural resources or use of renewable resources, support of initiatives that promote environmental responsibility, and solutions to minimise the impact on the environment. As declared by SC Johnson<sup>16</sup>:

As a family company, we're always looking at ways to protect the earth's critical resources for generations to come. . .

At SC Johnson, we use garbage, waste palm shells and wind to help power our facilities, cutting greenhouse gas emissions and our use of fossil fuels.

Organizations expect their employees to act ethically in their business transactions, as well as in their relationships with other members of the organization and business partners. Ethical behaviour presupposes that employees cultivate and maintain the core values of *integrity and honesty, mutual respect and respect of human rights, trust, meritocracy, fairness, transparency and openness*. As stated in Coca Cola's Code of Business Conduct<sup>17</sup>:

Always deal fairly with customers, suppliers and consumers, treating them honestly and with respect: Do not engage in unfair, deceptive or misleading practices; Always present Company products in an honest and forthright manner,

or in Kimberly-Clark's Code of Conduct<sup>18</sup>:

Hire . . . Train, promote, and compensate based on the ability, achievement, experience, and conduct of the employee without regard to race, color, sex, sexual orientation, age, religion, creed, national origin, gender identity, disability, veteran status or other categories protected by applicable law.

Ethical conduct is also related to the organization's success. As Cisco states<sup>19</sup>:

Several of these values, including trust, integrity, inclusion, empowerment, and open communication, remind us that preserving an ethical workplace is critical to our long-term success as a company. The message for each employee is clear: Any success that is not achieved ethically is no success at all.

Doing the right thing also involves *complying with laws*. Organizations stress the importance of legislation and action in accordance with the laws as a means of

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<sup>16</sup> SC Johnson on Sustainability, <http://www.scjohnson.com/en/commitment/focus-on/conserving.aspx>

<sup>17</sup> The Coca Cola Company, Code of Business Conduct: Acting with Integrity Around the Globe, [http://www.thecoca-colacompany.com/ourcompany/pdf/COBC\\_English.pdf](http://www.thecoca-colacompany.com/ourcompany/pdf/COBC_English.pdf)

<sup>18</sup> Kimberly-Clark Code of Conduct, [http://www.cms.kimberly-clark.com/umbracoimages/UmbracoFileMedia/code\\_of\\_conduct\\_fileUpload.pdf](http://www.cms.kimberly-clark.com/umbracoimages/UmbracoFileMedia/code_of_conduct_fileUpload.pdf)

<sup>19</sup> Connecting with our Values – Cisco Code of Business Conduct, [http://files.shareholder.com/downloads/CSCO/963117229x0x387353/97e5e9eb-b4e4-472c-8bc6-9241cc73be5c/Cisco\\_2010\\_COBC\\_external.pdf#page=50](http://files.shareholder.com/downloads/CSCO/963117229x0x387353/97e5e9eb-b4e4-472c-8bc6-9241cc73be5c/Cisco_2010_COBC_external.pdf#page=50)

preserving interest of the community and as a characteristic of responsible behaviour, e.g. Roche Group quotes<sup>20</sup>:

We want to maintain high ethical and social standards in our business dealings. . . We will maintain these standards by adherence to local, national and international laws and cooperating with authorities and in proactively communicating with the public.

Finally, as members of the organization, employees are expected to *preserve and advance the reputation of the organization*. As described in 3 M's commitment statement<sup>21</sup>:

. . . , we must always keep paramount in our minds the importance of advancing our outstanding reputation through our personal integrity, our shared values and through our consistently ethical and honest business conduct.

Adopting the above mentioned patterns to shape the framework of professionalism in a business environment, we now proceed to examine core tenets of Aristotle and Confucius that could further enlighten this three-fold substance of professionalism in business. Our aim is to suggest that ancient philosophy could be used as a means for inspiring professionalism in future business managers.

## 29.4 Aristotle's and Confucius' Views Related to Leadership and Management

Aristotle is regarded as one of the most influential thinkers of western civilization. His interests were varied and included ethics, economics, politics, logic, metaphysics, etc. Especially during the last decades there has been an increased interest in his views related to leadership and management studies, mainly presented in his *Politics*, *Nicomachean Ethics*, *Metaphysics*, and *Eudemian Ethics* (Nurmi 1984; Collins 1987; Bragues 2006).

Aristotle believes that, "one has to think of oneself as a member of the larger community – the *Polis* for him, the corporation, the neighbourhood, the city or the country (and the world) for us – and strive to excel, to bring out what is best in ourselves and our shared enterprise. What is best in us – our virtues – are in turn defined by the larger community, and there is therefore no ultimate split or antagonism between individual self-interest and the greater public good" (Solomon 2004, p. 1021).

One's life is not separated in personal, professional or public spheres, but viewed as a whole. Aristotle believes that what makes life worth living is *eudaimonia*, often translated as happiness, human flourishing, living well, doing well (Solomon 2004;

<sup>20</sup> Roche Group Code of Conduct, [http://www.roche.com/about\\_roche/corporate\\_governance/code\\_of\\_conduct.htm](http://www.roche.com/about_roche/corporate_governance/code_of_conduct.htm)

<sup>21</sup> 3 M: Our Commitment to Legal and Ethical Business Conduct, [http://solutions.3m.com/wps/portal/3M/en\\_US/businessconduct/bcmain/ceo/ceochairman/](http://solutions.3m.com/wps/portal/3M/en_US/businessconduct/bcmain/ceo/ceochairman/)

Flynn 2008). *Eudaimonia* entails activity that helps one make use of his/her capacities to achieve his/her full potential, to fulfill his/her responsibilities and obligations, to fit into a world of other people and share the good life (Taylor 1995). It is also deeply social, as it depends on social relationships and friendship (*philia*) among individuals sharing common interests (Yu 1998).

Moreover, Aristotle equates virtue (*arête*) with excellence and emphasizes virtuous activity, as the source of happiness. He distinguishes two sorts of virtues: the moral virtues (*ethike arête*) and the intellectual virtues (*dianoetike arête*), the former belonging to moral character, the latter belonging to one's skill of thinking (Flynn 2008).

Moral virtues include *courage*, *self-control*, *generosity*, *magnificence*, *magnanimity*, *sociability* and *justice* and they are learnt through practice and habituation. *Courage* is defined as conduct that regulates fear. *Self-control* regulates attraction to pleasure, while *generosity* controls one's desire for wealth and characterizes a person who is careful about keeping expenses proportional to receipts. *Magnificence* is the virtue of a human who spends large sums in the right way for a worthy purpose. *Magnanimity* is a mean between lack of ambition and excessive ambition and refers to the use of the appropriate attitude towards great honors, while *sociability* reflects a good-natured disposition in interacting with others. Finally, *justice* characterizes a person who obeys the law –designed to promote a shared good within a political community- and treats others fairly (Bragues 2006).

Justice is considered to be the “perfect virtue”, as it requires that one thinks of oneself as a member of a “larger community” and “requires both the capability to engage in fair relationships with others, and the responsibility for our actions and their effects on others” (Giovanola and Fermani 2011). Aristotle distinguishes two kinds of justice, namely distributive and rectificatory justice. Distributive justice is related to the fair distribution of material goods, in accordance with the merits of the recipients, while rectificatory justice governs transactions and is practiced after injustice is done to restore the inequality brought about (Mintz 1996).

On the other hand, Aristotle describes five intellectual virtues: *technical knowledge* (*techne*), *scientific knowledge* (*episteme*), *philosophical wisdom* (*sophia*), *intuitive reasoning* (*nous*) and *practical wisdom* (*phronesis*). *Technical knowledge* is the knowledge of how to make things, aiming at producing a good or providing a service. *Scientific knowledge* is the knowledge of theories and methods, as well as the capacity to come to conclusions based on analyses. *Philosophical wisdom* is the knowledge of universals and what follows from them (Kodish 2006). *Intuitive reasoning* is that by means of which we are able to understand fundamental principles concerning how things are and why they are.

*Practical wisdom* (*phronesis*) is a critical virtue for Aristotle defined “as the capacity for deliberation, judgment and discernment in difficult moral situations. Practical wisdom unites the moral and intellectual virtues, and helps the moral agent to resolve conflicts among virtues, put them in the proper order of priority, and make the right and good decision in the most difficult situations” (Pelegri 2002, p. 382).

On the other hand, Confucius and his value system have greatly influenced Chinese culture and managerial practices. Managerial practices are mainly

influenced by the *Five Virtues*, providing a moral framework for society and stressing the importance of harmony, and the *Five Relationships*, dictating appropriate behaviour and roles of members within an organisation (Rarick 2007).

Confucius' *Five Virtues* are core tenets of Confucian ideology, and are fundamental for the establishment of harmonious societies. They include *ren* (benevolence), *li* (propriety), *yi* (righteousness), *xin* (trustworthiness) and *zhi* (wisdom).

According to a Chinese phrase, "the meaning of person is *ren*". *Ren* is a core notion of Confucian ethics. As described by Melé (2012), '*ren* is based on human relationability and sociability, and represents a sense of concern for others and altruism', and 'includes the idea of interconnection of people'. 'It is a key foundational principle in interpersonal relations' (p. 85). *Ren* is also translated as benevolence, goodness, humaneness, humanity. As such, it includes the ability to feel and respond to the needs and desires of our fellow humans, thus creating conditions for each and every person to exercise freely within individual and social boundaries.

*Ren* needs to be constrained by *li*. *Li* (often translated as rites, propriety, ceremony, decorum and manners) refers to the rules concerning rituals, but it also contains both abstract principles and detailed forms of social regulations. Thus it can be considered to include "the totality of socially acceptable behaviour patterns and lifestyles, including both moral and non-moral norms"; one should conform to social values, in order to be accepted and respected in the society he/she lives in (Yu 1998).

Furthermore, Confucius relates humanness to appropriateness (*yi*), which dictates what is right or wrong in a well defined context, including laws, justice, institutions, as well as prominent examples of conduct. *Yi* is considered to be an important quality in personal cultivation and to be prioritized against profit. Profit should be pursued in the right way – with morality and justice – and should be made without damage or harm to others or the society. Honesty is considered to be the best policy and one of the key values in Confucianism. It is prerequisite for one to live in society and means that one should keep the promises he makes and avoid clever talk (Zhang 2011).

Individuals are also expected to possess *xin*, or trustworthiness. Trustworthiness indicates loyalty to moral principles, ritual and social rules of propriety, as well as to one's superiors in hierarchical relationships, but mainly it emphasizes being a dependable support for others (Woods and Lamond 2011). Trust is a core notion of Confucius philosophy. It begins with the leader and is facilitated by maintaining a harmonious organization.

Finally, *zhi* (translated as wisdom, knowledge, intelligence) concerns correct judgment in Confucian thought. *Zhi* includes learning, as well as the ability to perceive situations accurately in order to take the right decisions based on a wise evaluation of options (Woods and Lamond 2011), thus *zhi* is essential for business professionals involved in the decision making process.

Confucian thought is also strongly related to relationships and pursues balance and harmony within all relationships, in order to obtain prosperity. *Five Relationships* originally refer to one's relationship with superiors, parents, husband/wife, elders and friends, but can be translated in modern organizations, to refer to the relationships

between leaders and their followers, among the members of an organisation, and among members of an organisation and the organisation's stakeholders.

Finally, the philosophical foundations of Confucianism have created the *Confucian Work Ethic* which consists of a belief in the value of hard work, loyalty to the organization, thrift, dedication, social harmony, a love of education and wisdom, and a concern for social propriety (Rarick 2007).

## 29.5 Inspiring Business Professionalism Through Ancient Philosophy

Going back to the threefold definition of professionalism in business, we find much in common with core principles introduced in the teachings of the above mentioned philosophers.

Concerning the '*knowledge and skills criterion*' for business practitioners, we find that Aristotle's intellectual virtues reflect expert knowledge: scientific knowledge, concerning theoretical *know why*, addresses the need for professionals to acquire the scientific knowledge of their field, which is universal, invariable and context-independent; technical knowledge denotes technical *know how* and corresponds to the need for professionals to have the knowledge of technology related to their field, as well as the skills to perform and use their knowledge effectively; it is pragmatic, variable and context-dependent, and is oriented toward production (Billsberry and Birmik 2010); practical wisdom, as quoted by Kodish (2006) "...is based on the fusion of knowledge and experience, on theory as action, and on the constant mediation between the universal and the particular". It is essential as it highlights the importance of experience and reflection on experience as a component of management training, something that should be of great value for business. Practical wisdom is also critical for decision making, as it ties together knowledge with ethical behaviour to take proper action, thus helping professionals act in the right way in complex and often controversial circumstances. It involves deliberation about actions based on what is good or bad for mankind, thus is highly ethical and connected both to the end to which an activity should aim to and the ethical conduct required to reach this end. Practical wisdom is also essential in everyday life as it "...entails an appreciation of the difference between what is good and bad in order to live a worthwhile life, and necessitates virtue of character in the sense that it cannot function properly without correct habits" (Flynn 2008).

Confucius' *zhi* is in line with this view of Aristotle, as it includes learning along with the ability to perceive situations accurately and evaluate options wisely, to reach decisions. *Li* enriches this knowledge, as it entails understanding of forms of social regulations, of socially acceptable behaviour patterns and lifestyles, and of moral and non-moral norms. Thus, it corresponds to the need for business professionals to have a wider knowledge of the community(-ies) in which they operate, including the organization, the local community, and the world in general.

Regarding the second criterion, *value creation to multiple stakeholders* (shareholders, society, employees, customers, suppliers, etc.) is considered by both academics and organizations as the mission of business professionals. Aristotle's view on the purpose of human activity can further explain why this should be their mission: individuals constitute an integral part of their communities (i.e. organizations, society etc.), and there is an interconnection of personal, professional and public life. Thus, there should be no conflict between personal or organisational and social interests, and individuals' purpose, achieved as a result of excellent performance, should be to serve and promote the well being of these communities.

Aristotle's justice, as well as Confucius' *ren* both entail concern for others and interconnection of people, and emphasize on the importance of the ability to feel and respond to the needs and desires of our fellow humans. Thus, they direct attention to the responsibility of firms and managers toward stakeholders, whose interests should also be taken into consideration: quality products and services should be provided to customers to ensure their long-term trust, holistic concern for the welfare of employees must be pursued and harmony in groups must be cultivated.

Justice, along with the rest of Aristotle's moral virtues, portrays desirable *ethical conduct in business*, and corresponds to the third component of business professionalism. Justice promotes meritocracy and refrains professionals from discrimination or mistreatment of fellow employees or other stakeholders, addresses the need for professionals to comply with the laws, be just and fair in their relationships; sociability reflects respect of others, and is vital in business, as it helps maintain an amenable work environment and build up trusted, enduring relationships with clients and other stakeholders; courage restrains business people from being over-optimistic, while encouraging them to involve in situations that are uncertain but where a realistic view of potential risks and returns suggests that it is a chance worth taking. Moral virtues can also be used as a guideline for avoiding decision making traps, as they regulate human characteristics that influence decisions, such as fear, attraction to pleasure and wealth, ambition, etc.

Ethical orientation, as defined in Confucius' *Five Virtues*, incorporates the critical values of morality, justice, honesty and trust. It is essential for personal cultivation and provides professionals with the framework within which profit should be pursued. According to *Yi*, profit must be pursued with morality and justice and without causing damage or harm to others or the society. *Yi* combined with *li* promotes action by business professionals in accordance with the laws, as well as with the acceptable patterns of behaviors as dictated by the community. *Yi* highlights the importance of responding to society's expectations with creativity.

Trustworthiness, as defined by *xin*, promotes the need for the manager to be a dependable support for others. It is a core quality of managers as leaders and helps maintain a harmonious organization. Trust can also be identified in the notion of *guanxi* or connections that characterizes Chinese worldwide networking. It is related to the Confucian view of individuals defined as a link in a broad social network of morally binding, mutual dependent relationships. *Xin* refers to the close relationships that provide information, contacts and financing to the members of the

network, relationships which are based on mutual trust, mutual obligations and shared experience (Rarick 2007; Chen and Miller 2011).

*Ren* can be applied to the relationships that managers have in the organisation. Following *ren*, a manager is expected to manage with kindness, focus on relationship building, and maintain harmony and goodwill throughout the organization (Rarick 2007). A manager's priority should be the creation of an environment in which each and every person will be able to exercise freely his/her potential, within individual and social boundaries. Leader should also be able to understand others' ambitions and perceive them contextually. If these pursuits are destructive or disruptive and do not promote general well-being and a harmonious, prosperous and happy living, then the leader should be reluctant to their promotion (Benetatou 2011).

On the other hand, applying the Confucian *Five Relationships* to a business environment, we expect managers to act in the best interest of their subjects, to promote trust, harmony, respect and cohesion among members of the organization, while acting as positive role models for employees. Collective responsibility is preferred over individual responsibility. Individuals are treated as a group working together to maintain group harmony, thus cooperation and mutual trust are essential. Each employee has a particular duty, plays a specific role, and is expected to perform to the best of his/her abilities, to work for the good of the group and to be loyal and devoted to the organization. In return, organization is expected to take good care of each employee (Rarick 2007). Confucian thought on relationships could therefore be used to stress the importance for business professionals to cooperate, build trusted relationships, based on mutual trust and respect, and inspire employees' commitment to the mission and values of the organization.

Finally, the Confucian *Work Ethic* has positive aspects for economic as well as societal development and is in line with the need for professionals to give intense effort to their jobs, be loyal and dedicated and pursue team interests and continuous education.

### **29.5.1 Application in Business Schools**

Incorporating ethics into their curriculum and identifying the role that philosophy can play in the cultivation of managers' character, business schools have already started to adopt innovative ways to incorporate philosophy in management education. An interesting initiative is "The Online Ethics Quiz", implemented by the Howe School of Technology Management at Stevens Institute of Technology.

This quiz is used as a tool to develop students' ability to reason ethically. All students enrolled in a first-semester core course are requested to read a short introduction to three well-known approaches to ethical reasoning: deontology, teleology and virtue ethics. Then they are asked to express their level of agreement concerning actions that managers have taken in four short business cases, based on



real life situations, and explain the reasons that support their choice. Afterwards, they are able to see a “model solution” that discusses the case from the three different ethical viewpoints, and have access to bar charts that show how other students have responded to each case. In this way, students are introduced to the major normative ethical theories that philosophers have developed to address ethical issues, and raise their awareness on such ethical issues related to managerial decisions (Guth et al. 2011). Stevens Institute of Technology has undertaken a number of other actions in this area, including a new masters program in ‘Technology, Policy and Ethics’, an undergraduate course offered to all schools on ‘Ethics on Business and Technology’, a module on Business Ethics incorporated in a number of executive programs, as well as other initiatives.

## 29.6 Concluding Remarks

In today’s global network economy, business management is becoming more and more complex. The sheer size of the world “increases”, thus increasing the impact of decisions, while changes and crises make managers’ decisions more difficult and complicated. Managers have to have expert knowledge in their field of specialization and develop multiple skills to address these needs. Furthermore, recent corporate scandals prove that the success or the failure of an organization cannot be measured merely with reference to the profit created for its shareholders; business activity extends beyond the confines of special groups, thus, it has to foster value creation for multiple stakeholders. In this context, ethical cultivation and behavior of managers plays an important role.

In this paper, these requirements for managers were linked with the notion of “profession”. After defining the notion of “profession” in general, as described in the literature, we identified the core components of professionalism in a business environment. This analysis led us to a threefold definition of professionalism in business, as indicated both by academics, as well as by organizations in their corporate codes of conducts. According to these two sources, business professionalism entails expert knowledge, dedication to a good broader than self-interest and ethical behavior.

These characteristics were then related to core principles introduced in the social and political thought of Aristotle and Confucius. Ancient philosophy connects expert knowledge with experience to guide actions; identifies the importance of the interconnection of people and views individuals as members of a larger community, who should strive to bring out what is best in them to achieve common interest; and highlights the importance of one being ethical to act ethically. Thus, ancient philosophy can provide managers with the essential guidelines for decision making and for ethical business activity and lays the ground for the cultivation of professionalism in modern managers.

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