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The Possibilities of the Acting Person Within an Institutional Framework: Goods, Norms, and Virtues

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ABSTRACT. The aim of this article is to present the dynamics of the structure of human action to enable us to link the organizational level of institutions, norms, and culture of the firm. At the organizational level, the existing institutions and culture are the confines of our individual action. However, at the individual level, we focus on the external consequences of our acts. It is our acts that maintain social institutions and culture. The ethics of personal virtues demands an ethics of institutions, the ethics which deals with the institutional means of realizing individual ends. All individuals choose courses of action by deciding what type of life is worth living. In this view, virtue (*areté*) occupies a central position, defining the paradigm that each society with its institutions and norms sets as the model of life to be lived (*eudiamonia*).

KEY WORDS: firm, social process, institutions, norms, goods, social dynamics, individual action, happiness (*eudaimonia*), good management (*eupraxia*)

Introduction

Enderle (1996) acknowledges profound disagreements about how business ethics is understood in Europe and the United States. However, the current crisis, with its constant corporate and financial scandals, is having a very dangerous effect. It is calling into question the role of the market economy and the importance of the firm as a social institution. As S. Ghoshal says: ''Of far greater concern is the general delegitimization of companies as institutions and of management as a profession'' (2005, p. 76). Is it not more important to resolve the current crisis than to spend our time resolving academically sophisticated mathematical problems, seeking to construct a scientific pedigree for business ethics as an academic field? I start the article by recognizing that we have a real problem in our societies, and hence, that we need a conceptual framework of business ethics based on a ''problem and action-oriented'' conception (Enderle, 1996, p. 43).

This study of the firm as a social institution is circumscribed to a very particular sphere. It will be limited strictly and methodologically to describing what things patently are, i.e., how they manifest themselves in the sphere of the primary radical reality that is our life. To speak of economic reality is to speak of needs. Humans need to procure food, shelter, a mate, etc. In our society, we are accustomed to providing for our needs through market exchange, through business relationships; we work for a wage that allows us to buy what we want. A human being needs to learn to approach things so that they may be seen as what they are, so as to know what to do with things. As Aristotle's Nicomachean *Ethics* (1969, NE hereafter) says: ''the end aimed at is not knowledge but action'' (NE, I, 2, 1095a6).

Therefore, following Aristotle, in this article, we adopt the point of view of the first person, the acting individual instead of the modern perspective of the third person, the judge, the legislator who is observing individuals. The point of difference is that Aristotle is almost entirely concerned with analyzing the problems of the moral agent, while most contemporary moral philosophers seem to be primarily concerned with analyzing the problems of the moral judge or the social norm.

The aim of this article is to use the Aristotelian vision of ethics as the system of norms, virtues, and goods that regulates human action. In other words, if the individual acts in a socio-cultural context, then I

want to sketch an overview of the intimate links between individual, society, and culture.

In next section, I will address how social institutions provide the individual with goods via social norms. Thus, I will address the material object or content of ethics that consists of acts, habits or customs, and life in its unitary wholeness. In this context, it is quite important to study the firm as the institution in which individual acts, habits, and customs are fostered (Argandoña, 2003; Sisón, 2003, 2008). Therefore, it is possible and necessary to study human action at the corporate level of the organization or institution (Sisón, 2008). It is in coexistence and common participation in certain values and beliefs that the structure of means and ends which constitute human action are configured.

In the next section, I will deal with the Aristotelian ethical structure based on good, norms, and virtues. Recovering the Aristotelian ethical approach would permit us to assess institutions as a constituent part shaping the possibilities of individual action. Aristotelian ethics as a system comprises three dimensions. Each of these exercises control over the action-originating system. Norms and goods evaluate the social and cultural system jointly. Virtues provide an interior strength for a good individual behavior. The division between the three systems is analytic, with only personal action as a unitary whole occurring in reality.

Then I will set out the possibilities of personal action. As I started from the organizational level to understand the resources of individual action, my goal is to explain how individual action is formed within its institutional and cultural framework, and what the real possibilities of individual action are. As Finnis points out, ''the possibilities of activity, of shaping and maintaining one's identity, and of knowing and communicating with reality and real persons – are more than bare 'factual' possibilities. We understand them instead as the sort of evaluated possibility that we call opportunities'' (Finnis, 1983, p. 41). Finally, I will sum up my arguments with some concluding remarks.

The organizational level: institutions and norms

It is entirely appropriate to define the individual as a *with-being*, denoting thereby the essential openness of the individual to his or her fellow persons through society and culture. The aim of this section is to show the complexity of individual reality with all its social and cultural components. This is a reality whose objective is the full development of the real possibilities of people. It is a development that cannot be reduced to mere quantitative maximization, as is often done in the usual utilitarian models. Figure 1 shows a scheme of this section.

In order to understand any human action, we need a systemic view. We need to include it in the individual–society–culture triad to understand its genesis. With this, I do not wish to place society or culture above the individual reality of the person. I do not mean to say that what is social or cultural is a unit superior to the individual. This would lead us to an opposition between what is individual and what is social, which would be absurd. Therefore, an opposition between individualism and communitarism is a radically insufficient approach. My aim is to demonstrate that individual reality is only comprehensible in its totality, that is to say, a personal being, a social being, and a cultural being.

Social institutions

The approach to social institutions is made taking into account their diversity in the satisfaction of fundamental human needs, such as food, reproduction, security, health, and growth. All of these needs have a basic character since the individual belongs to the human species. An individual cannot stop providing for his or her needs if s/he wishes to conserve his or her life. The success of these institutions will be measured by the degree to which needs are satisfied. Therefore, institutions are coordinated for the satisfaction of more than one need at a time. Malinowski (1944) stated that the formation and maintenance of auxiliary institutions which co-ordinate other institutions is the best means for the simultaneous satisfaction of a whole series of needs. Regarding this statement by Malinowski, some observations can be made.

(1) If it is not possible to identify the satisfaction of a particular need with a certain institution, singular institutions cannot be correlated exclusively with singular needs. Evidently their existence has to respond also to other causes. I refer to the impossibility of studying institutions by depending on the

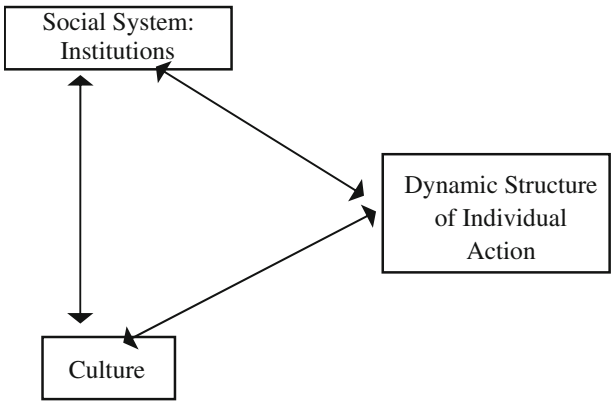

Figure 1. The socio-cultural framework of the personal action.

ends which they make it possible to attain. In the study of institutions, the same problem arises as in economics, if one seeks to study it by dividing up the needs to be satisfied. A classification of institutions according to needs does not allow us to match each institution with a need, and in economics there is no way to separate economic behavior from extra-economic behavior depending on the ends that are pursued (Becker, 1976). Therefore, in order to understand both market phenomena and institutions, it is necessary to take human action as a starting point.

(2) The needs for food, shelter, and sexual union are covered without a need of good institutions. A society can be constructed on the basis of robbery, piracy, and the systematic sacking of neighboring peoples. Therefore, an explanation of social institutions cannot be reduced to the satisfaction of needs. In reality, what do social institutions contribute to humans' needs? What do they provide in particular?

Every action, whether a social interaction or a market exchange, is carried out within some social institution. Every action is performed in an institutional framework. Institutions make it possible for persons' expectations to concur, and for the mutual benefit of relations to be guaranteed. As North (1991) says, ''Institutions are the humanly devised constraints that structure political, economic and social interaction. They consist of both informal constraints (sanctions, taboos, customs, traditions, and codes of conduct) and formal rules (constitutions, laws, property rights)'' (1991, p. 97). That is to say, the process of social institutionalization guarantees the coordinating tendency of expectations. Following North (1991), we may define institutions as individuals' regular forms of life in common. Therefore, any institution realizes three functions: (1) Satisfying needs; (2) Coordinating the behavior of individuals; and (3) Providing norms of conduct and values shared by individuals. On this point, it is not surprising that these three functions that an institution accomplishes fit well with the three levels that Melé (2003b) enumerates for a humanistic approach to management development. For him the first approach is based on the satisfaction of needs. The second comes from focusing on organizational norms. He describes the third level as: ''[is] centered on building up a community of persons embedded with an organizational culture which fosters character'' (Melé, 2003a, p. 82).

In this approach, institutions constitute an integrated system in which role expectations are rule-governed. This rule must be interpreted as a reciprocal stabilization of conduct. With this conception of expectations, one can explain the origin of the division of labor, which is the basis of economic progress. The division of labor is a *role expectation*. It is a particular case of great importance in the process of institutionalization. The division of labor is a role insofar as it enables people to specialize in a task, and to expect the exchange of goods produced by each individual. This possibility of exchange is what the market economy is based on; this typification of the expectation of an exchange is based on the fact that the division of labor has become rule-governed, it has become institutionalized. In this view we can understand perfectly what Moran and Ghoshal said about firms: ''Each firm creates a unique subsidiary context, consisting of its own unique mix of incentives that encourages the assimilation, sharing, and combination of resources'' (1999, p. 407).

This rule-governed dimension of social institutions is of utmost importance. The unity of meaning in institutions enables them to be dynamic. Institutions have not only made it possible to achieve the ends sought after in the past, but they have to make it possible in each present action to achieve the ends that each individual determines. As North points out: ''They [institutions] evolve incrementally, connecting the past with the present and the future; history in consequence is largely a story of institutional evolution in which the historical performance

of economics can only be understood as a part of a sequential story'' (1991, p. 97).

Culture

Social institutions are fashioned into forms of life when they are stabilized, and transcend the acting individual. One may imagine that once human relations are depersonalized, the individual disappears. However, this would be to recognize the superiority of society over the individual, which is untenable. Without people, how can one explain the origin, continuity, and the transformation of institutions? This is the key problem of how culture is transmitted, assimilated, and transformed by the individual when acting. The answer is to bear in mind that nothing is created from nothing. The symbolic activity is formation and transformation, starting from something received. It is not *ex-nihilo* creation. These possibilities, which are transmitted, have to be accepted by the recipients. The received possibilities must guarantee the development of the present generation's creative capacity. Social institutions, and in this case, firms, have their own dynamism, and depend on the opportunities that enable their members to exercise their creativity and capabilities.

Schumpeter (1947), the celebrated Austrian economist, spoke of creative destruction, implying with this concept that every economic innovation was an abandonment of economic equilibrium. Each change impels relations in the market, making it impossible to reach the state of rest which characterizes economic stability. This expression has been much repeated, but it does not capture the essence of the problem. Rather than destruction, one should speak of the retention and expansion of possibilities. Destruction would occur when a previously satisfied need could not be met with a new product. Creative innovation is not a reduction but rather an enlargement of the satisfaction of needs and an enlargement of the possibilities of action (Kirzner, 2000, pp. 239–258). Therefore, new combinations create a new source of potential value. Porter (1996) acknowledged the need of the concept of value creation for the firm to have an effective strategy, and now it is commonly recognized that for an economic system to be dynamic, both value creation and value realization are needed (Teece et al., 1997). Therefore, following Moran and Ghoshal (1999), the economic process can be defined as a value-creating process which includes four elements: (1) Universe of all possible resource combinations; (2) Perceived possibilities; (3) Productive possibilities; and (4) Productive opportunities. As Ghoshal et al. (1999) say, what we need is: ''a new corporate philosophy that explicitly sees companies as value-creating institutions of society'' (p. 19). And we may say: *The whole economic system is not a real property of people, but is a real possibility that people have decided to maintain in common*. However, this approach has consequences. As Solomon points out, ''it views business as a human institution in service to humans and not as a marvelous machine or in terms of the mysterious 'magic' of the market'' (Solomon 2004, p. 1024).

People make social life more human both in the family and the civic community through improvements to customs and institutions. Forms of life are objectivized as culture and thus the *past* meaning of tradition is transmitted. However,, in the second stage, tradition has to initiate an action: it has to have real, *present* meaning; in other words, the ''here'' and ''now'' of a project has to be an incentive. That is to say, culture is a re-updating of the approaches to reality offered by tradition to the individual. Curiously, the word tradition comes from *paradósis*, *traditio,* whose meaning is 'bequeathal'. Tradition is not the uncritical acceptance of past usages. Therefore, as the bequeathal of physical characteristics is transmitted genetically, the radically human element – ways of being in the world – is handed on by tradition.

Tradition not only bequeaths the *had* meaning but it also bequeaths possibility to present reality. This possibility must have real meaning for the recipients. When what has been received has no meaning as a real possibility, it is transformed. If we do not consider that we are going to achieve our ends with the existing institutions, then we transform them creatively. The elements of a culture can be combined in other ways than the way they are combined by tradition. A simple but clear example would be a young poet's dissatisfaction with the existing poetic forms. The same language allows for new combinations which give rise to new compositions of rhyme, rhythm, and new verses.

Faced with an object from a previous century, the first question is, what was it? Or what did it mean?

We wonder about the meaning it had for a human action. Looking at utensils, whose use we cannot understand, tradition tells us what human activity could be carried out with each utensil. The object acquires meaning within an action. It becomes a means of action. Let us take, for example, Roman plows. It is true that they had a meaning. They were the means used in agriculture. However, the key question is: Does it have any meaning in my present reality? If what I really want to do is obtain the maximum yield from the soil, does it then make any sense to use a Roman plow nowadays? Certainly not. Therefore, the meaning that past institutions *had* for our forbears is not fundamental. That an institution was a means in the past does not imply that it will continue to be so in the present.

The meaning that an institution acquires enables it to survive, even though the reality that originated its meaning has disappeared. Many institutions become traditions, but in a pejorative sense. They are not a bestowal on the coming generations, to be re-updated. They become the repetition of types of apparently senseless behavior. This possibility poses two problems:

The first problem is the maintenance and disappearance of institutions. There may be a case where the disappearance of an institution does not create any problem. This situation will occur provided that primary needs are covered and that the institution has lost its meaning as a possibility for real action. MacIntyre gives as an example the astonishment of Captain Cook and his men on observing the contrast that existed between the sexual freedom shown by the Polynesians and the strict separation of the sexes when eating. It was taboo to eat together. When asked about the origin of this taboo, the Polynesians were unable to give a reasonable explanation. The prohibition, which regulated the behavior of the Polynesians, had lost all the sense that it once had. It is not surprising that there were no social consequences when Kamehameha II abolished taboos (Macintyre, 1985, p. 105).

The second problem comes when changes or transformations create tensions in the institutional system. As Cassirer (1944) points out a fundamental polarity in institutions. He said: ''We can talk about a tension between stabilization and evolution, between one tendency which leads to fixed, stable forms of life and to another which inclines to breaking this rigid scheme of things'' (Cassirer, 1944, p. 328). Therefore, the word ''culture'' is twofold. In its first meaning, it means the pejorative meaning of tradition as something past that blocks the progress and the upholding of new possibilities of action. However, in its second sense, it indicates everything by which the person develops and perfects people's many bodily and spiritual qualities. In this second sense, we can talk about a humanizing culture and the tension between institutions is resolved positively. As J Finnis points out: ''in its fullness, that good or complex of goods is called *eudaimonia*, 'happiness' or, better translated, *flourishing*'' (Finnis, 1983, p. 8). The individual strives by his or her knowledge and labor to bring the world under control by goodness of action (*eupraxia* in Greek). The individual makes social life more human both in the family and in the civic community, through improvement of customs and institutions. Over the course of time, s/he expresses, communicates, and conserves in his or her works great spiritual experiences and desires that they might be of advantage to the progress of many, even of all humankind. Forms of life are objectivized as culture, and thus the *past* meaning of tradition is transmitted. However, in the second stage, tradition has to initiate an action: It has to have real, present meaning; in other words, the here and now of a project has to be an incentive. However, *eupraxia* is as possible as bad praxis at the institutional level as virtue is as possible as vice at the personal level. In talking about humans, both possibilities apply.

Before I continue, there is an important point to address: the difference between my approach and other modern virtue ethics approaches. Moore's theory (2002, 2005a, b) based on MacIntyre's study (1985) is of great interest. Moore and I set out from the same point: The object of social institutions is to provide external goods. As MacIntyre says: ''institutions are characteristically and necessarily concerned with … external goods'' (MacIntyre 1985, p. 194). However, from this point, our theorizing takes different paths.

In this study, institutions do not provide only external goods. In achieving such goods, institutions provide guidelines for individual behavior and social norms that are transmitted culturally. Therefore, in each of our actions liable to provide external goods, we are forming our character. As Aristotle said: ''no-one chooses to possess the whole world if he has first

to become someone else'' (NE, IX, 9,1166a 19-22). We want to be of a certain sort. We are not only concerned with how our time is filled, but also with what we are.

In any action, there are external effects, producing or making (*poiesis* in Greek; *facere* in Latin, and internal ones of acting (*praxis* in Greek; *agere* in Latin). That is, external goods are achieved at the institutional level in the sequence: institution (goods)–culture (norms)–*eudaimonia*-good practice (*eupraxia*). This sequence corresponds to the achievement of internal goods at the individual level in the personal action–virtue sequence, where ethics is the system of goods, norms, and virtues that makes personal action coherent.

Moore's study (2002) sets out from Macintyre's distinction between institution and practice. MacIntyre defines practice as

> Any coherent and complex form of socially established cooperative human activity through which good internal to that form of activity is realized 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 good involved, are systematically extended. (MacIntyre, 1985, p. 187)

In my account, I reinterpret this distinction between institution and practice within the plural possibilities of personal action. Macintyre's practice corresponds to Aristotelian *eupraxia*. Accordingly, I consider not only that institutions provide external goods but that their dynamism points to *eupraxia*. In my approach, there is no dichotomy between institutions based only on external goods and practice based only on virtue and the achievement of internal goods (Moore, 2002). Macintyre's view, magnificently developed by Moore (2005a, b), sets out from an assumption that I see as highly problematic: the tendency to greed in capitalist enterprises (Moore, 2005a). If this assumption is accepted, then institutions clearly do not themselves guarantee the development of Macintyre's practice, and it becomes necessary for Moore (2005b) to develop the concept of corporate character to counter the institution–culture–values sequence with the practice–character–virtues sequence. Moore defines a virtuous corporate character:

> Is the seat of the virtues necessary for a corporation to engage in practices with excellence, focusing on those internal goods thereby obtainable, while warding off threats from its own inordinate pursuit of external goods and from the corrupting power of other institutions with which it engages. (Moore, 2005b, p. 661)

In the above definition, I see clearly a negative view of economic profit as something disorderly and corrupting for the individual. However, Moore is right to introduce this concept because it is necessary in the development of the institution–practice dichotomy. This dichotomy in my approach is unnecessary, for the provision of external goods has no negative connotation, and so institutions pursue both external goods and internal ones.

An unjustified contempt for the market economy is a characteristic feature of Macintyre's study. Macintyre's anti-liberal view, criticized by Holmes (1993), demonstrates the contradictions of Macintyre's criticism of modern political philosophy. A true political ethics cannot be only an ethics of virtues; it must also be an ethics of institutions (Rhonheimer, 1992). For despite all the reservations that one may have, this is the essence of modern political philosophy from Hobbes to Rawls, via Kant. In this connection, Macintyre's ''anti-modernism'' and his ''return to Aristotle'' are unilateral. We need to achieve a balance between an ethics of virtues and an ethics of institutions that supersedes moralizing fundamentalism confined to ends, and that deals also with the means leading to the institutional realization of those ends. Peace, freedom, human dignity, and justice are the key themes of classical political liberalism. In my view, it is problematic to set a value-related morality against a particular political stance. In my perspective of *praxis*, it is not possible to separate ends and means. An end can only acquire form and become effective on the horizon of a particular means, so that any political morality must take a view on specifically political questions relating to the institutional, legal, and economic requirements that are necessary in each particular historical situation (Sutor, 1991).

The acting individual

In this article, we reach our last section and, as was to be expected, the analysis of the original framework

has brought us back to the individual and his or her possibilities of action. We should not forget that my aim was to study individual action. The bequest is received by each individual. There is no collectively possessed tradition. This is why we can talk about the individual dimension of culture, and it refers us to the acting individual. As in the previous section, I conclude that society is not something that is external to the individual but something internal to him or her, and it is something that is transferred to other people insofar as they are persons. Culture as a bequest of ways of life is bequeathed only individually. In this way, culture is integrated in the action projected into the future by each individual.

Aristotle's method approaches the study of possibilities of action through the study of the corresponding acts or actions; in turn, these acts are understood on the basis of an understanding of their objects. Thus, this study sets out from the goods that are the objects of our acts through institutions. However, this study of the constituent elements of institutions has led us into a study of culture as the social realization of a common framework that allows us to satisfy our needs. And finally, we now have the individual as the last step in our study, showing us the potentialities of individual action. I assert that society *is a process of creation (or destruction) of possibilities of action, and that these are realized in social institutions and culturally transmitted*.

The ethical structure of human action

Possibilities for action do not arise from a substance for acting on another reality. Actually, possibilities are conditioned by the resources that humans have. That is to say, possibilities are not actual properties of the individual. Possibilities are not just given to us naturally. As Aristotle said: ''we are neither called good or bad, nor praised or blamed, for the simple capacity of feeling the passions; again, we have the faculties by nature, but we are not made good or bad by nature'' (Aristotle, NE, II, 5, 1106a). We live within social constraints, i.e., institutions, norms, and goods that enhance our possibilities of action.

Aristotelian ethics as a system comprises three dimensions. Each one exercises control over each action-originating system. Norms and goods evaluate the social and cultural system jointly. Virtues are the traits of character that define our personality. The division between the three systems is analytic, with only action as a unitary whole occurring in reality.

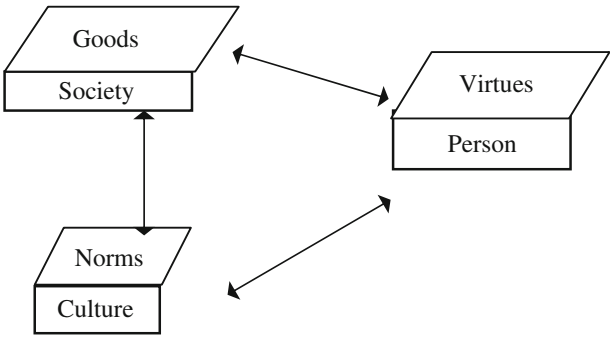

Figure 2. The Aristotelian ethics of goods, norms, and virtues.

Consider Figure 2. It allows us to return to the relationship between ethics and individual action, If this analysis of human reality has led us to recognize that the individual is a *being-with*, i.e., that his or her vital dynamism is in essence social and cultural, then ethics as a system of goods, norms, and virtues will integrate the whole system, giving it cohesion. Therefore, ethics is not something peripheral to action, but its inner logic. As Argandoña points out: ''all of this implies that ethics can be conceived as a guide for judging institutions on the basis of their contribution to the flourishing of people and society'' (Argandoña, 2004, p. 198). We cannot judge institutions by focusing only on the reductive goal of achieving optimal results in economic terms. If we start by recognizing that humans have needs to provide for, which is an experienced fact, then we must accept that ethics is the socially generated system of norms and goods that upholds individual possibilities of action as a whole (Melé, 2005). Let us analyze its constituent elements.

Norms

The normative aspect of institutions has been closely addressed by all ethical theories. However, for Kant norms were the core of ethics, and ethics is reduced to norms. Ethical rationalism has deemed that a norm must not only be known, but that a mere knowledge thereof constitutes it as such. It was a pursuit of autonomous morality through reason. As

regards the outer world, as regards the phenomenon, little can be said. The laws of knowledge are projected onto the outside world. On the world of appearance, *physis*, laws are imposed that permit knowledge, *nomos*. Thus, there is a division between the world of appearance and reality.

The consequence of ethical rationalism is that norms are autonomous from the rest of the ethical system because knowledge of them makes them obligatory precepts. One must live in accordance with reason; otherwise, one lives below rationality like a savage, like an uncivilized, unenlightened being. This is a direct reference to the Enlightenment. The Enlightenment idea was to seek norms of rational justification. Ethics was grounded on reason. Kant's central idea was to consider that moral rules were the same as the rules of mathematics. Any rational person was able to arrive at the same moral principles by reason. It was necessary to seek a rational test to make it possible to discriminate between maxims with a rational justification and others that were mere expressions of desires. The test in question consisted of asking: can I expect everyone to act in accordance with the same principle? (Macintyre, 1985)

The pursuit of this principle was summed up in Kant's famous second formulation of Categorical Imperative: *treat others as an end and not as a mere means*. However, this phrase does not explain why norms have to be complied with. Norms become requests of principle. They limit the goods that can be attained. All that is allowed is obligatory and everything else is forbidden.

A strict compliance with norms, separated from goods and virtues, turns them into a mere regulation. Norms separated from virtues are a quite reductive and problematic vision (Melé, 2009). What do we gain by respecting norms? The only possible response is a consideration of the external effect., which brings us to consequentialism: action is not good or bad in itself. The only way to know whether it is good or not is to see what consequences it has had. As Polo says: ''people's aspirations, motives, ideals or ideologies are not taken into account'' (Polo, 1997, p. 172). This view of ethics is totally reductive. Ethics is outside the originating framework of action. And it does not consider action as a process; it centers on one-off events. This is made clear by the following example. Suppose one person mugs another and steals the other person's money. Has s/he acted well or badly? The consequentialist will refer us to the consequences. If, for example, that money was needed by the person who was robbed to buy essential medicines, then the thief acted badly. However, if by the mugging s/he prevented the person who was robbed from going on a journey on which s/he was going to be killed, then the mugger acted well! Consequentialism is a totally random criterion for action. If ethics is reduced to norms, then these become positive mandates. Positivism imposes a certain line of action on the individual; it allows no self-determination. As Melé says: ''while principle-based ethics focuses on ethical issues and dilemmas, virtue-based ethics is wider in scope, since it regards not only the evaluation of actions but also, and above all, the flourishing of the human agent'' (Melé, 2009, p. 227).

Goods

In rationalist ethics, only those external or internal goods that are desirable in the framework of compliance with norms are attainable. This situation entails that all things that have meaning for an individual subject, but which are outside the sphere of action delimited by positive norms, are problematic to justify. However, goods are desired for the satisfaction that they give and their desirability cannot be explained by reason, because positive norms, derived from reason, do not allow them to be acquired.

The result is that goods acquire a value in themselves. As Moore (2005a) says: ''To value something is to give it a special place in our lives, to see it as something that matters'' (Moore, 2005a, p. 244). The perception of goods begins to be emotive. The rationalist individual is trapped by a reduced view of action. However, in fact s/he continues to be faced by goods. These goods cannot be interpreted through norms. They become values. They are valued for their capacity for immediate satisfaction. Goods acquire preponderance, according to the time to be waited for them to be enjoyed. There is no point in delaying their enjoyment. Going from an ethics of only norms to an ethics of only goods has two key effects:

– First: norms are not accepted for the ethical content referred to at the end of the previous section. They are not considered as regards the evaluation of possibilities. Norms, in the ethics of goods, are complied with because they have a *useful value*. Here we go directly into utilitarianism. Within this reduced system the question arises: why structure life, if what matters are immediate goods?
– Second effect: the non-consideration of virtues in utilitarianism has a very significant consequence. As virtues become blurred, as a human example to follow, the radically human goal of action is lost. As the human ideal slips into the background there is no reason to postpone present consumption. All the projects undertaken are short-term. The direct consequence of utilitarianism is that long projects are not undertaken.

Such utilitarianism is characteristic of our economic situation. On one hand, production is subject to the streamlining of costs. Thus, it is possible to produce large amounts of homogenous products at a low cost. The problem arises when goods are valued. In utilitarian ethics, the valuation of goods is based on their capacity to immediately satisfy needs. Accordingly, no one produces things with the aim of consolidating a form of life, but only to meet the demand for goods. However, how are these goods valued? How do they relate to the enablement of the individual?

As there is no relationship between goods and virtues, any justification of a project for life – the true business of ethics – remains unjustified. In this particular situation in which the individual is caught in this utilitarian cage, I do agree with Moore when he speaks of the corrupting power of institutions (Moore, 2005a). This utilitarian reduction of ethics has direct consequences on goods. Goods are reduced as they are corporeal. Any good based on possession at higher levels, whether intellective or virtuous, is irrational.

Happiness, understood as *eudaimonia*, is the result of an activity tending always to an ultimate end. This concept has a strictly formal nature, as it expresses only a certain way of thinking of life as a whole, of finding it "right" overall. From the view point of the theory of action, this ultimate end is the condition for the possibility of ordering the priorities that everyone establishes in their life. The fact that this ultimate end is single does not mean that it excludes other ends. In fact, the ultimate end is an inclusive good, i.e., it is a good that acts as an ordering principle or criterion for other goods, organizing them in a project or plan for life that seems the best and the most desirable. It corresponds to the Aristotelian *eupraxia* already discussed in this article and it is the *conexio virtutum* of classical doctrine, the concatenation of virtues which gives unity to a person's life story.

Therefore, goods must be reconsidered outside the utilitarian framework. Of course basic needs have to be met, but they must be integrated with norms if we are to evaluate what project for life we wish to carry out. The decision hangs upon virtues. Practical reason, the product of experience, organizes the stages of projects, organizing the time of life. Thus, the individual makes his or her life out of himself or herself; the control of action rests within one's personality. The fact that the control system is internal does not mean that it has no relationship with the outside world. The contact with the outside world is through norms and goods.

Virtues

Virtues form a rather complex field of investigation, and in the last few decades a Neo-Aristotelian approach to business ethics has been developed (Solomon, 1992, 2000, 2004; Hartman, 1998, 2006, among others). Given the importance of virtues, ethics could be reduced to them. However, within this stoic view, all things relating to the body become indifferent, *adiafora*. Thus, pleasure, wealth, and health cease to be important. The stoic ideal of a virtuous person is one who concerns himself or herself with his or her rational being. Thus, the individual's essence as a being is centered on his or her rationality. This stance implies a total renunciation of the world and of goods. In respect of goods, a stoic should have an approach of detachment, indifference, or total abandonment – *apatheia*. A virtuous person is happy even when totally deprived of goods. However, such ethics reduce the individual to a mere element in the physical world. All that concerns him or her is that s/he should be

strong so as not to be affected by the world. In order not to be affected by life, the best solution is not to act, to be indifferent. As Leonardo Polo says: ''Ethics that take refuge in virtue, that aspire only to greater human strength, lose sight of good and follow the conviction that there are no moral rules, just physical ones'' (Polo, 1997, p. 116).

In stoicism, moral virtue does not aim at the realization of excellence or human fulfillment. On the contrary, it is conceived as people's defense against the implacable ends of nature. This renunciation means that life itself depends solely on each individual. Social relations are cut off. In short, virtue that is unrelated to goods and norms loses its meaning; it is a possibility of action with no means of action. If action originates in the common world, indifference to the outer world cuts people's connection with their means of action, with the world of life. A project of virtues only is a project with no meaning. The following question arises: if virtue must be sought for virtue's sake, then what kind of virtue would this be? Would it be a good virtue, i.e., would it be truly virtue? For virtue for virtue's sake, with no desire for goods, with no search for happiness, is something that goes against nature. Isn't stoic virtue mere complacency, thereby turning into the vice of pride?

In this article, I will say only that virtues are fundamental in getting a full view of ethics, and accordingly of action. If we assign the control of the ethical system to norms, then the possibilities for action are reduced to strict compliance with norms. On the other hand, if we center ethics on goods, then projects for action are curtailed and we slip into consumerism. Both norms and goods need virtues to be organized from the individual. The individual cannot live enslaved, either by social norms or by bodily enjoyment. The social and cultural dimensions of action refer to the individual. They are elements with which the individual lives his or her life. Yet, the individual directs the process from herself. Inner dispositions or traits of character – virtues – are the high court referred to by Macintyre in *After Virtue* (1985). Any conflict of evaluation arising in action is settled by the considerations of practical reason that the individual considers relevant in the evaluation of each possibility for action.

The level of personal action

Consider Figure 3. The diagram represents the dynamic structure of individual action. It shows all the necessary elements to develop an ethical theory based on human action. The first aspect to note is its dynamism; an isolated act is intelligible only within the process, the activity that generates it. The Aristotelian notion of happiness, *eudaimonia*, appears as the result of a process, of an activity, and not as a psychological state, as understood in modern times. The second aspect is that all individual action has a cultural and social dimension. Social institutions provide the individual with goods via social norms. This provision operates by means of culture. It is the common good that constitutes *eudaimonia* as personal activity.

The third aspect to note is that it is a formal structure. In the course of this article, I have presented the formal analytic elements to which any material ethics theory must respond,to give a synthetic view of human action. That is, I have analyzed the particular acts, goods, institutions, and cultures that constitute a certain personal character. I have not focused on the content of the classical Greek *ethos* or on the medieval knight as human types and living examples to be followed. Our account of the material object of ethics consists of human acts insofar as performed by the person and regulated by him or her. Put differently, human acts regarded from the viewpoint of an ''end'' or ''internal good,'' but taking these terms in a fully indeterminate sense, and focusing on ethics as a dynamic structure. In other words, we have focused on the ethical structure of individual action. However, in our formal account of the dynamic structure of action, I have not confined myself to mere formalism. If I focused merely on form, waiving all positive content regarding good, virtue and, generally speaking, the type of life that we wish to live, then I would be in Kantian ethics, indifferent to what is done as long as it is done in the form of mere observance of duty.

Ethics involves two dimensions, one based on the other: ethics as a structure (human's constituently ethical reality); and ethics as content (the principle of good and evil, duties, prescriptions, etc.). The ethics that I have presented, following Aristotelian realism, cannot be content with merely formal reflections, but must rather be material. Thus, I have addressed

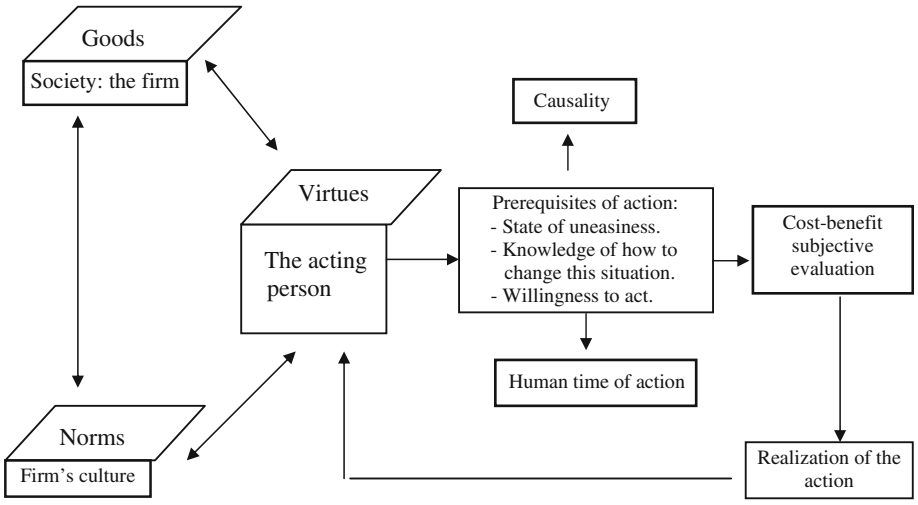

Figure 3. The ethical and socio-cultural framework of human action.

the material object or content of ethics that consists of acts, habits, or customs, and life in its unitary wholeness.

(2) The middle part of Figure 3 represents action from the prerequisites that inform an act. Any goal is the perception of a lack, joined to the desire to act. Perceiving the goal anticipates the path to be followed to reach it. That is, an act is not initiated from a mere desire or need; an act is initiated as something wanted or desired is identified. The second prerequisite is knowledge of how to change the situation. That is, *pace* Hume, reason is not the slave of the passions but their guide. And the third prerequisite: there must be a will to act. Thus, we encounter the material object of ethics: voluntary and free acts. As Aristotle says: ''The agent must be in a certain condition when he does them; in the first place he must have knowledge, secondly he must choose the acts and choose them for their own sake, and thirdly, his action must proceed from a firm and unchangeable character'' (Aristotle NE, II, 4, 1105a27-32). Voluntary action entails the knowledge of the intended goal and the necessary means; it is chosen as a result thereof, i.e., because they are good in themselves and pursuant to the decision to accomplish them.

(3) As to ethics that leave the choice of ends out of the analysis and focus on deliberations on means, we should be clear that the choice of ends is a key element of ethics (Richardson, 1997; Sherman, 1989). Any choice of ends involves deliberating on means. There is always an evaluation that we may define as subjective cost/benefit assessment, but it is reductive to regard that deliberation as a matter of maximizing utility. We should counter any tendency to moral fragmentation by asserting that the supreme form of ethics is the reference to the ultimate end of life which arranges means and ends in a project for life.

(4) Each individual has possibilities of action. Of these possibilities, s/he appropriates one and rejects the rest. This appropriation is determined by the kind of person that we are. Or in other words, our acts cause our habits and activities, and our activities cause our personality (Sisón, 2003). Thus, we can say that we form our personality by causal appropriation. As Wojtyla said: ''There is between person and action a sensibly experimental, causal relation, which brings the person, that is to say, every concrete human ego, to recognize his action to be the result of his efficiency'' (Wojtyla, 1979, p. 67). Therefore, we can recall this Aristotelian ''efficient causation'' within human action with this concept of personal causality.

The study of causality in the natural sciences has always been posed from observing the effect and looking for the cause in a previous time. However, in the social sciences, the field in which the individual acts, one has to take into account that the individual pursues a future end, which exercises it effects on the present. Therefore, the cause is constituted in the dynamic structure of the action. As Wojtyla points out: ''the dynamic transcendence of the person is itself based on freedom, which is lacking in the causation of nature'' (Wojtyla, 1979, p. 101).

(5) Each individual adjusts his or her present reality to his or her future reality, an adjustment made through ideas, purposes, and projects, always with a view to an end. To an end which in the broadest and most general sense embraces life as a whole. Action is, therefore, justified always according to the future good to which we are tending, unlike what is propounded by all ethical theories based on the mere behaviorism of a direct connection between stimulus and response, for which behavior is explained by the past. Sherman is clear on this point:

> For Aristotle, rationality requires that agents think of themselves as connected with the future, as persisting over time, and as making decisions which motivate…The fact that future plans constrain the present and force it to come into line with long term projects best indicates the force of this temporal sense of coherence. (Sherman, 1989, p. 75)

For instance, in the case of severe drug addiction, the relationship is pathological. In it, there is no desirable future to make the individual change his or her present. Why seek to give up drugs? There is no attempt at isolated acts to delay the next dose and that might allow the pernicious habit to be given up. There is no future, and accordingly the present is strictly a repetition of the past. This is a clear example of failure in the attempt to construct a ''basic intentional act'' (Anscombe, 1957) in answering the question, ''why give up drugs?''

(6) Action is not a dream. In a dream, there is no way to pass from unreality to reality. In a project, real things that constitute resources keep us in the real world. A project is always conditioned by the resources for action. A great part of our will consists of managing restrictions, and time is one of the principal restrictions. Henri Bergson wrote these beautiful words about time: ''Time is what prevents everything from being done in one go. It retards or rather it delays. It must therefore be elaboration. Is it not a vehicle for creation and choice? Does not the proof of the existence of time mean that there exists the indetermination of things? Is not time this indetermination itself?'' (Bergson, 2001, p. 1333).

(7) Finally, we reach the realization of action which reverts to its originating framework. As was to be expected, the analysis of individual action and its possibilities has brought us back to the original socio-cultural framework. The execution of an action has fundamental consequences on the acting individual and on society and culture. These three dimensions can be separated only analytically. The observed reality is individual action. However, action with other individuals is social action, and action with meaning is cultural action. As a consequence of this formal structure, we can highlight the incorrectness of studies that seek to set the individual against society. As Solomon points out: ''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. 1023). An opposition between the isolated individual and society conceals the intrinsic relationship between the various dimensions of action. Such action is substantively individual but with inseparable social and cultural dimensions.

(8) The various ethical theories that seek to develop a system on only one element of ethics are unjustifiably reductive. The deontological ethics of norms, or utilitarianism or stoicism – none of them is able to give a synthetic view of the formal object of ethics. Nonetheless, within the general framework set out, studies may be made on various analytic planes, whether of norms, goods or virtues, but always recognizing that they are partial studies. The great moral problem of modern societies centers on the study of the minimum social norms which in a democracy guarantee individual freedom so that each individual has his or her personal sphere of liberty (Larmore, 1987). Thus, a conflict is spoken of between minimum social norms, on one hand, and a maximalist personal ethics in search of excellence. That is, a minimalist social morality as against a maximalist personal ethic. Norms are not self-sufficient, and the study thereof cannot be cut off from a study of virtues dealing with the organization of the possibilities of individual action in a unitary way.

Concluding remarks

The approach described above could be seen as ethereal and lacking realism in the rather materialistic societies in which we live. I would like to adhere what Melé says: ''This humanistic management is neither a naïve approach nor a lack of realism. On the contrary, there is growing evidence that human

virtues and some habits, that some authors called virtues too, are quiet relevant for business performance'' (Melé, 2003a, p. 85). Recovering the classical framework permits henceforth a new approach to social sciences not based on utilitarian ethics and mathematical maximizing problems.

(1) We have started to define the person as a *with-being* in Husserl's words (1954), the rethinking in modern terms of Aristotelian *zoon politikon,* denoting thereby the essential openness of the individual to fellow individuals through society and culture. In the individual action, all the facets of the dynamic structure of personal reality are manifested. In the first aspect, the existing institutions and culture are the requisites of our individual action. However, in the second aspect, we focus on the external consequences of our acts. It is our acts that maintain social institutions and culture.

(2) Aristotelian ethics as a system comprises three dimensions each of which exercises control over each action-originating system. Norms and goods evaluate the social and cultural system jointly. We live within social constraints, i.e., institutions, norms, and goods that enhance our possibilities of action. However, it is our acts, our activities or habits, which progressively delineate our character, our personality, and our *éthos*.

(3) To conclude, an ethics of personal virtues demands an ethics of institutions (Rhonheimer, 1992), an ethics which deals with the institutional means of realizing individual ends. All individuals choose courses of action by deciding what type of life is worth living. In this view, virtue (*areté*) occupies a central position, defining the paradigm that each society with its institutions and norms sets as the model of life to be lived (*eudiamonia*).

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