Chapter 14

Virtue Ethics: A Contribution to Family Firms

Germán Scalzo and Héctor X. Ramírez-Pérez

Abstract

This chapter is an exploratory study of business ethics as it relates to family firms; it primarily aims to explore virtue ethics as an alternative proposal for the ethical concerns that family firms face in their management, thus overcoming the limitations of relevant business ethics approaches and integrating them into an overarching paradigm. Ethics can be classified into three main streams: (1) deontology, (2) utilitarianism, and (3) virtue ethics. The former two approaches have been widely used in the realm of business and family firms for many years and they tend to instrumentalize ethics for business purposes. Yet, they are mostly powerless to explain and promote the ethical concerns surrounding the family firm’s culture. Virtue ethics regained philosophical interest in the second half of the twentieth century, shifting the focus of morality from “the right thing to do” to the “best way to live.” By bringing together two consolidated research fields, family firms and virtue ethics, this chapter contributes a rich perspective to current research in both fields and opens up new ways of answering many of the cultural questions that family firms bring to the table.

Keywords: Deontology; ethics; family firms; integrity; utilitarianism; virtue ethics

Introduction

A vast number of studies have shown the importance of family firms in a variety of countries (Allouche, Amann, Jaussaud, & Kurashina, 2008; Corbetta, 1995; Davis, Pitts, & Cormier, 2000; Gupta, Levenburg, Moore, Motwani, & Schwarz, 2011; Lien & Li, 2013; Sharma, Chrisman, & Gersick, 2012), the employment they generate, and their contribution to national economic development (Astrachan &
Shanker, 2003; Pistrui, Huang, Oksoy, Jing, & Welsch, 2001; Sharma, 2004). Yet, the fact that they are widespread is not enough (Sharma, 2004). The study of family firms comes from many disciplines and lacks a cohesive structure, unified methodology, or definition; therefore, it is important not to idealize these types of organizations, but rather to analyze the conditions under which family firms have an advantage (Habbershon & Williams, 1999).

In the field of ethics, recent years have seen a significant number of studies focused on showing the advantages of an ethical perspective in business, especially after infamous failures of well-known corporations (Payne, Brigham, Broberg, Moss, & Short, 2011). The majority of this academic research deals with the relationship between compliance and economic performance or sustainability (Calabretta, Durisin, & Ogliengo, 2011), and is focused on large corporations and especially on corporate social responsibility (CSR) (Fassin, Rossen, & Buelens, 2011); therein, the importance of virtue in business has been largely neglected (Hartman, 2013).

Research on family firms, for its part, has focused on ways to improve competitiveness without compromising the values and culture promoted by the founding family, as well as, and especially, on family firm professionalization (Chittoor & Das, 2007; Dekker, Lybaert, Steijvers, Depaire, & Mercken, 2012; Gupta, Levenburg, Moore, Motwani, & Schwarz, 2011; Lien & Li, 2013; Sharma, Chrisman, & Gersick, 2012; Sorensen, 1999; Stewart & Hitt, 2012) and on mechanisms to attenuate the agency problem (Carney, 2005; Chua, Chrisman, & Sharma, 2003; Chua, Chrisman, & Bergiel, 2009; Dyer, 2006; Himmelberg, Hubbard, & Palia, 1999; James, 1999; Michiels, Voordeckers, Lybaert, & Steijvers, 2012). Although these approaches constitute a valuable contribution to the field, they also tend to instrumentalize ethics for business purposes. By doing so, they largely fail to explain and promote the ethical concerns surrounding the family firm’s culture, including values, traditions, and long-term legacy, which have been key topics in the recent literature. Research in the field of family business ethics is still in its initial stages (Gallo, 1998) and “[l]imited research on ethics in family business leads to competing arguments regarding whether family firms are more, less or equally as ethical as nonfamily controlled firms” (Adams, Taschian, & Shore, 1996, p. 157).

This research aims to fill a gap in the relevant literature on ethics in family business, specifically concerning the contribution of virtue ethics to the field for a better explanation of cultural aspects such as values or traditions. Ethics is a prudential kind of knowledge that has its roots in the very beginnings of philosophical reflection, but it did not remain there and instead developed a large number of approaches and theories, which can be classified into three main streams: (1) deontology, (2) utilitarianism, and (3) virtue ethics (Chappell, 2013; Ferrero & Sison, 2014; Koehn, 1995). The former two approaches have been widely used in the realm of business for many years (Chun, 2005; Melé, 2012). At the same time, virtue ethics, although it has its roots in the classics (initiated in Greece by Socrates, Plato and Aristotle, and continued in the Middle Ages, especially by Thomas Aquinas), largely lost favor (MacIntyre, 1967), but regained philosophical interest in the second half of the twentieth century (MacIntyre, 2007; Polo, 1997).
Virtue Ethics: A Contribution to Family Firms

Its application to the business world was taken up with enthusiasm some years later and continues today (Collins, 1987; Melé, 2009; Morrell, 2012; Sison, 2015). This research thus focuses on exploring if virtue ethics might represent a better paradigm for the challenges family firms face.

This study is organized into five sections as follows: the first presents a historical introduction and conceptualization of virtue ethics, its origin, and its long-standing tradition; the second delineates the two dominating ethical approaches in business ethics: deontology and utilitarianism; the third section explores the recent recovery of virtue ethics in the business field; the fourth section presents the relationship between virtue ethics and family firms, suggesting elements that create a strong connection between the two fields of study; and the last section provides the conclusion drawn from this exploratory research and makes recommendations for future studies.

Background

Characterizing Virtue Ethics

Virtue ethics has a longstanding tradition in moral philosophy, tracing back to ancient Greek and Chinese philosophers. The idea of virtue – aretē in Greek – dominated ancient ethics, and it has played a central role in the history of Western moral discourse (Porter, 2013; Russell, 2013). Although with some differences, “all [ancient] philosophical schools see a close connection between virtue – comprising wisdom, courage, justice, and moderation – and the final end, happiness” (Kamtekar, 2013, p. 29), and this connection – based on a metaphysical conception of human nature – has been a constant in what it is now known as the “classical tradition.”

What at first started as the simple practice of specific social roles was gradually transformed into a narrative of a meaningful order of human life, and finally became the established moral tradition for centuries to come. (Frede, 2013, p. 124)

Etymologically, “virtue” comes from the Latin word virtus, which in turn originates from “vis,” meaning “force,” “power,” or “strength.” Virtus is the Latin translation of what was, originally, a Greek concept, arête, which stands for “what is best” or “excellence” in human beings. (Sison, 2015, pp. 241–242)

For Aristotle (1980), virtue is an excellence that consists in “living or doing well” (p. 1095a) in accordance with rational activity, in other words, it corresponds to what is best in human beings. The object of ethics is good voluntary action that becomes habit (Aristotle, 1980), allowing human beings to live well, that is to say, to attain their highest aim: happiness (eudaemonia, usually translated as human flourishing). For Aristotle, happiness is nothing more than the development of man’s natural capacities in a community in order to reach a good life, deciding the kind of person that he wants to be. That choice is not a subjectivist one, for
[when I consider what would be a good life for me, I should ask myself not only what I prefer, but what I would choose to prefer if I could choose thoughtfully and rationally. (Hartman, 2013, p. 246)

The repetition of good (or bad) actions develops good (or bad) habits; furthermore, “just as a habit unifies many different acts of a person, character integrates diverse habits into a whole” (Sison, 2015, p. 244). Thanks to this acquired and stable disposition – or manner or being or behaving, which “is not the same for everyone” (Aristotle, 1980, p. 1106a) – human beings can continue performing good actions, even improving over time; or the contrary will occur if his/her desires are not rational (Aristotle, 1980: 1104b). The “good man” is characterized by possessing two kinds of virtues: an intellectual one – practical wisdom (phronēsis) – and a set of moral or character virtues that helps him/her to desire the good. However, an abstract conception of “the good” does not exist; rather, it is found in the concrete realm and depends on the agent and the circumstances in light of his/her whole life because, “rightness is about what we’re doing; virtue is also about how we’re living” (Russell, 2013, p. 2).

The notion of practical wisdom – phronēsis – has also emerged with the recent recovery of virtue ethics. Practical wisdom (Aristotle, 1980: 1103a) is the necessary intellectual virtue for living a whole life with all that entails (Aristotle, 1980: 1140a). Aristotle defines virtue as a state of character concerned with choice, lying in a mean, i.e., the mean relative to us, this being determined by a rational principle, and by that principle by which the man of practical wisdom would determine it. (Aristotle, 1980: NE 1107a)

Den Uyl points out that there is a kind of vicious circularity here (in order to become prudent, one should do prudent actions, while prudent actions can only be done by one who is already prudent), but it is a practical, not a theoretical one (1991: 64); because practical wisdom as an intellectual virtue directed toward practical action, already presupposes the foregoing definition of moral virtue provided by Aristotle. The person of practical wisdom has already developed an appropriate stable moral character – a reason why Aristotle relate it with experience as a pre-requisite for phronēsis (Aristotle, 1980: 1142a) – which is key to understand the essence of this excellence. Practical wisdom and virtue never operate independently (Den Uyl, 1991: 67), in other words, “it is not possible to be good in the strict sense without practical wisdom, nor practically wise without moral virtue” (Aristotle, 1980: 1144b).

Indeed, although there is diversity among virtue ethicists, it is precisely the distinctive way that it treats the idea of rightness what makes virtue ethics different from other approaches in moral philosophy:

*virtue ethics* tell us that what is right is *to be a certain kind of person*, a person of virtue: courageous, modest, honest, evenhanded, industrious, wise. A virtuous person will, of course, express his or her
virtue through action. But, for virtue ethics, the specification of rules of right action is largely a secondary matter – one that in many ways presupposes the kind of practical wisdom possessed by the person of virtue. (Zwolinski & Schmidt, 2013, p. 221, emphasis added)

Virtue ethics prevailed from Homeric times until the Middle Ages (MacIntyre, 1967), when it formed a coherent worldview that was a combination of Aristotelian ethics and Christian theology. However, in modern times, for complex reasons that exceed the scope of this chapter (Frede, 2013; Gillespie, 2008), new bases for morality emerge, shifting the focus of morality from the “best way to live” to “the right thing to do.” The rejection of Aristotle in early modernity, together with a general skepticism about the natural sociality of human beings, set off a suspicious attitude toward virtue ethics based on an anthropological pessimism.

The loss of faith in a community that provides the opportunity to live the best life went hand in hand with the increasing unpopularity of eudaimonism on the basis of ethics, and that loss was never replaced by a unanimously accepted foundation. (Frede, 2013, p. 137)

Although the root of this attitude can be traced to the scholastic voluntarist tradition initiated by Ockham’s nominalism, it was early modern philosophers and political thinkers who started looking for a different basis for morality in the seventeenth and eighteenth centuries (Scalzo, 2017). Since then, moral philosophy has shifted from a virtue-centered approach either to a rule-centered one that highlights the legalistic aspect of ethics (Schneewind, 1990) or a utility-centered approach based on self-interest (Hartman, 2013). As a result,

[i]n the nineteenth century, ethical debate became dominated by a rationalist ethics of duty – in the way of Kant – on the one side and by utilitarianism on the other… so that virtue’s further decline became inevitable. (Frede, 2013, p. 141)

**Dominate Approaches to Ethics in Business**

In the modernist approach to ethics, a precise demarcation of what is morally right became increasingly central, in part because

quite generally, the logically precise demarcation of concepts had come to seem the main, perhaps the only, contribution that philosophy could offer to understanding: whatever could be said at all could be said clearly. (Chappell, 2013, p. 152)

It is not surprising that a concept as difficult as virtue, “that had been the focus of moral discussion for over 2,500 years has become all but unintelligible” (Frede, 2013, p. 126). According to Chappell,
[In the commonest thumbnail history of twentieth-century ethics up to (say) 1958 (…) we have] two familiar foundational questions about action: “What maxim can I, rationally, act on here?: (the Kantian/deontological question) [and] “What action would maximize utility here” (the utilitarian question), and alongside these there is – says the usual story – a third foundational question we can equally well ask about any proposal for action: “What kind of action would accord with the virtues here?” (the virtue ethical or Aristotelian question). (Chappell, 2013, p. 149)

According to deontological ethics (an heir to Kantian philosophy), an action is good in accordance to an external rule or norm of universal conduct, which acts as a “duty” for human action, regardless of its results or consequences. Although in the strict sense, it is a difficult ethic to live by – because it is quite rigid – its practical application is more straightforward in the institutional sphere because external agreement on rules and an appellation to their compliance, with pre-established mechanisms of control and sanction, suffices. However, despite having impeccable deontological codes, in complying with regulations, certifications and initiatives of social responsibility, many companies fail to develop an ethical culture, increasing the generalized skepticism about the real possibility of ethics in business. This is so because they are more interested in complying with stakeholder demands – and “ethics” is the best way to be competitive and profitable – than in achieving intrinsic goods.

For its part, utilitarianism evaluates actions in light of their consequences or results, assuming as a rule the search for the greatest good for the greatest number of people through a quantitative calculation of cost–benefit. For this reason, it focuses on actions’ outputs, analyzed from their contribution to certain kinds of social utility, such as general welfare, or a psychological view of happiness. Although this position has been widely accepted in the field of business – largely due to its intellectual proximity to the doctrine of self-interest – it has also been strongly criticized for its tendency to reduce all measures to economic terms (in order to calculate costs and benefits), sometimes in disregard of human dignity. This approach has also received criticism because of its treatment of minorities, an area that has gained considerable relevance of late. From this perspective “the right thing is whatever contributes to effectiveness and therefore productivity” (Hartman, 2013, p. 244). A focus on outcome has led to an overuse of incentives of diverse types in order to motivate people, as the famous theory of agency shows. On the contrary, virtuous persons do not need incentives to act in the right way, because “a life of virtue is pleasant in itself, for being pleased is a condition of the soul included in its own proper activity” (Aristotle, 1980, p. 1099a).

These two positions have dominated not only modern moral philosophy, but also the field of business ethics (Staveren, 2007). In general terms, it could be said that while deontology emphasizes the “rule” (norm), utilitarianism does the same with “benefit” (incentive, utility) from a broad point of view that is mostly focused on instrumental goods, rather than fundamental ones. The fundamental
goods are in correspondence with universal basic human needs, including: truth, beauty, work, friendship, transcendence, and life (Melé, 2009, p. 76). The truth is neither rules, no matter how detailed, nor incentives, no matter how smart, can do the job in any situation that involves human interaction. What is needed is character, and most especially the character trait that Aristotle called practical wisdom .... Rules and incentives demoralize activities and the people who engage in them. (Schwartz, 2011, p. 3)

The question that arises is how virtues fit on the ethical map.

**A Virtue Ethics Approach to Business**

In 1958, Elizabeth Anscombe questioned – in *Modern Moral Philosophy* – the modernist approach to ethics, reinstating the possibility of *virtue ethics*. Many academics followed her lead in the recovery of virtue, including, among others, Philippa Foot, Bernard Williams, Charles Taylor, and Alasdair MacIntyre (Chappell, 2013). Although there are different streams among virtue ethicists – including Neo-Aristotelians, Confucians, Humeans, Smithians, Nietzscheans, etc. – its main branch focuses on a recovery of the Aristotelian tradition, which highlights not only moral character, but also the emotional aspect of the person who makes moral judgments (Hartman, 2008).

It took some time for the *virtue ethics* approach to be used in the business world. In the early 1990s, academic literature on professional ethics barely mentioned virtues (Ferrero & Sison, 2014). Academic interest in virtues resulted in large part from disenchantment and widespread skepticism of the possibility that employers operate beyond economic motives; in short, many doubted the firms’ legitimate interest in bettering people’s lives and positively contributing to society within the *deontological* and *utilitarian* paradigms. Most important in this line of scholars, Alasdair MacIntyre (1967, 2007) inspired an entire academic generation, becoming a key thinker in the rehabilitation of the paradigm of virtue. He highlights the importance of the narrative dimension of life and the proper relationship between institutions and practices through an ethical perspective (MacIntyre, 2007).

A practice is any coherent and complex form of socially established cooperative human activity during which goods internal to that form of activity are realized because of trying to achieve those standards of excellence which are appropriate to, and partially definitive of, that form of activity. (MacIntyre, 2007, p. 187)

Since his idea of a practice “involves standards of excellence and obedience to rules as well as the achievement of goods” (MacIntyre, 2007, p. 31), he delineates what would later become the new conceptual map of business ethics, namely
goods, norms, and virtues (MacIntyre, 1992; Regojo, 2014). Indeed, “the human good turns out to be the soul’s activity that express virtue” (Aristotle, 1980, p. 1098a), and, in order for that to happen, it should contemplate goods and principles; so, unlike the other approaches, a focus on the virtues is not one-sided in determining the good. In the case of a business firm, its aim is to attain a common good (Sison, 2016), which presupposes the development of virtues:

[...]he common goods of those at work together are achieved in producing goods and services that contribute to the life of the community and in becoming excellent at producing them. (MacIntyre, 2016, p. 170)

In the last three decades, virtue ethics has undergone huge developments and many outstanding scholars have delved into this line of thought (for instance, Solomon, Hartman, Koehn, Dobson, Boatright, Werhane, Moore, Shaw, Melé and Sison, among others) (Ferrero & Sison, 2014). It seems quite plausible that virtue ethics can offer a broader frame of reference and yield a series of advantages and benefits for family businesses in relation to their traditions, values, and legacy.

Virtue Ethics and Family Firms

Related family business literature – following trends in corporate business literature – has focused rather one-sidedly on deontology and utilitarianism. For example, in a study conducted by Gallo (1998), he stated that the use of power could increase ethical standards through preparing the successor, creating an innovative and flexible organization, and assuring a new strategic vision. He concluded that:

when a company correctly fulfills all of its social responsibilities, those who govern and manage the company have made a good use of their power. However, when the company does not fulfill its social responsibilities, and this lack of compliance is not due to outside or unforeseeable factors, there is a reason to suspect that power was used poorly.”(Gallo, 1998, p. 330)

This study defines ethical behaviors through utilitarianism (benefits to society). Other research has suggested that for multigenerational survival and success, family business must focus on excellent management and governance, but true sustenance also requires a self-sustaining, self-regulated family organization to assure that a unique culture of values and meaning provide motivations beyond money (Aronoff, 2004); this study defines ethical behaviors through deontology (rules and regulations).

1Some ethicists have argued that deontology’s primary focus is on the “act,” whereas utilitarianism emphasizes the “outcome” (and virtue ethics, the “actor,” the third most important element of the ethical map). However, this characterization is not exactly correct since virtue ethics pays attention to all three elements (Koehn, 1995, p. 533).
In an effort to establish an independent field (Basco, 2006; Sharma, Chrisman, & Gersick, 2012), some research has been conducted to add evidence to the common belief that family-owned businesses are more ethical, on average, than non-family-owned businesses (Duh, Belak, & Milfelner, 2010). The fact is that, besides these common beliefs, research in the field of family business ethics is still in its initial stages (Gallo, 1998; Payne, Brigham, Broberg, Moss, & Short, 2011) and “[l]imited research on ethics in family business leads to competing arguments regarding whether family firms are more, less or equally as ethical as nonfamily controlled firms” (Adams et al., 1996, p. 157).

Although there is a clear and increasing interest in ethics in family business, there is still some vagueness and overlap in concepts related to it (such as CSR, sustainability, professionalization, corporate governance, etc.). However, thanks to its family orientation, family business is generally considered to have unique ethical values (Blodgett, Dumas, & Zanzi, 2011) such as loyalty, respect, honesty, caring and trust, as well as family identification (Haugh & McKee, 2003). On the other hand, corporate or international firms focus on more formal – rule-oriented or principled – values, such as environmentalism, globalism, human rights, or social responsibility.

In any case, “integrity” seems to be a common value in family firms, in many cases justified by the fact that the family name is associated with the firm (Donnelly, 1964). Strictly speaking, integrity – in classical terms of an ethical character – is essential for ethical decision-making, since

\[
\text{integrity is a matter of having and acting on coherent values over time and at a time (\ldots) [it] requires developing values rationally, maintaining them, and then acting on them. (Hartman, 2013, p. 247)}
\]

If the firm accepts profit maximization as its main end, then integrity may be undermined. For big corporations, it is difficult to attain a different goal, but family firms are characterized by pursuing a plurality of ends (Sharma, Chrisman, & Chua, 1997).

Adams et al. (1996) found that non-family businesses’ employees reported that their ethical behavior was significantly related to managing pressure and job security (formal means, ethics code, and sanctions), whereas members of family firms acted through example, according to appropriate behaviors formally transmitted. Indeed, as shown above, \textit{virtue ethics} is predicated on having the ability to choose the final ends for individual or collective action, as Payne et al. (2011) suggests with their proposal of organization virtue orientation, “defined as an organization’s integrated set of values and beliefs supporting ethical character traits and virtuous behaviors” (p. 257).

A person or an organization following a \textit{virtue ethics} perspective cannot be radical in their judgements; as explained by Schwartz (2011) while rules and procedures are black and white, the social world is gray and human judgements are sensitive to context. Therefore, acting through a \textit{virtue ethics} perspective requires considering context.
Similarly, family firms are sensitive to context. Even though one of the main concerns during the first decades of family business research was the variety of definitions of family business and the desire to build a common definition (Ramírez-Pérez, 2016), after many attempts, a common conclusion is that creating a unique definition should not be the goal because of the institutional legal context in each country would make that task impossible (Allouche, Amann, Jaussaud, & Kurashina, 2008). Family businesses represent a wide variety of businesses that are not all the same; they are neither a monolithic nor a homogeneous group of people with congruent interests (Berrone, Cruz, & Gómez-Mejía, 2012). Family businesses vary with respect to their familial character and values, with respect to their size and firm resources, with respect to their financial and competitive strategies, with respect to their approach to involvement across industries and sectors, and also across a wide range of environmental contingencies, such as the predominant type of capitalism involved and the prevailing legal context (Stewart & Hitt, 2012). Family businesses truly are different as a result of their national cultures, and will remain so (Gupta, Levenburg, Moore, Motwani, & Schwarz, 2011). In family firms, there is neither a consensus nor a precise definition for family business (Chittoor & Das, 2007; Habbershon & Williams, 1999); some have identified 72 types of family businesses (Sharma, 2004).

Therefore, the authors believe that virtue ethics represents a better ethical approach for family firms because of the context-driven perspective of the two fields of study. The importance of understanding virtues in a family business setting may help to understand the operations, processes, and systems that differentiate family firms from other types of organizations (Payne, Brigham, Broberg, Moss, & Short, 2011).

Here, the authors find an analogy between personal character and organizational culture. As it was stated, not just any way of being can help a person to attain her final end (flourishing or happiness), a task that requires an ethically good character – characterized by a set of virtues. Human flourishing is nothing other than the human way of growing (Akrivou & Orón-Semper, 2016); and, following this analogy, the development and sharing of ethical values that permeate the practices involved in common work can contribute to achieve an organizational ethical culture (Schein, 1990).

**Conclusion**

The main contribution of this chapter is an overview of the main approaches to business ethics, arguing ultimately that the virtue ethics approach is the strongest position from which to develop a genuine ethical culture that is capable of sharing values. For this reason, it stands the best chance of having a social impact and being inter-generationally transmitted as a legacy. The modernist approach to business ethics – including deontological and utilitarian positions – presents strong limitations for overcoming current skepticism about business people’s possibility of truly developing an integral character. In the case of incentives, they tend to be economic in nature and, in the long-term, they are not strong enough to motivate people. The wrong incentives can lead to unethical decisions,
and better incentives offered from other firms can be an enticement to leave the company if decision-making is thereby structured.

For its part, norms and values are certainly easier to implement in the business realm since they are external “rules” that guide individual action’s morality. However, both are abstract and formal realities that – in ethical decision-making – reveal the teleology (teles, end) of the action, which is fundamental for ethics since “one inescapably discovers oneself as a being in norm-governed direction towards goals which are thereby recognized as goods” (MacIntyre, 1992, p. 6). However, they cannot be a substitute for virtue; whereas goods and rules are the “form” of morality, virtues are its “matter” (Sen, 2009), and they cannot be replaced by any other element for the sake of human betterment. To rationally make use of those ends, people should engage in “practices, those cooperative forms of activity whose participants jointly pursue the goods internal to those forms of activity and jointly, value excellence in achieving those goods” (MacIntyre, 1992, p. 8).

Kantian philosophy is radical (an action is either good or bad), not flexible, and seeks universal rules. However, researches have shown that in family businesses there are no universal rules because it is important to consider the specific context. In virtue ethics, the approach to each situation is made up of grays and this reality represents an important connection between the two fields of study.

Moreover, the continuous exercise of virtues not only creates and improves a genuine ethical culture, but it also increases the unity and stability of an organization, which in the long-term even increases its competitiveness. An organization that does not overcome the formality of mere contractual and external relationships between its members and that does not have a friendly environment for the promotion and free development of internal goods, will hardly attain any common good – that is, a shared ethical culture – or a long-term legacy. As Habershon and Williams (1999) stated, the analysis of family firms should not only look at if they are better or not than non-family ones, but should also analyze the conditions under which family firms have an advantage. In a family firm, an organization in which long-term values are built, practicing virtues as the backbone of its ethical perspective would result in better performance for the organization in the long run. As stated by Payne et al. (2011), the importance of understanding virtues in a family business setting may help us understand the operations, processes, and systems that differentiate family firms from other types of organizations.

Despite the difficulties associated with defining family firms, there is a common agreement that they are the result of a complex relationship between two systems: family and business (Basco, 2006). Current approaches in social sciences, highly influenced by Kantian epistemology, tend to treat any relationship between different disciplines as competing or antagonistic domains, where one of them should be subordinate to the other, according to the driving purpose beyond that relationship. In the case of family firms, there is still a common acceptance that the “system business” should be organized according to efficiency whereas the “system family” is developed by a particular culture. However, as MacIntyre has shown, the firm and the family are two different communities that have their own practices; that is to say, values should embed the different practices in which people are engaged. In other words, in order to promote a genuine ethical culture – a
real common good—these two realities should engage in an extra-systemic framework that enables growth, according to a dynamic of integration whereby both grow in continuous interaction (Akrivou, Orón-Semper, & Scalzo, 2018).

In a nutshell, it can be said that a firm’s growth is the result of the growth of each person that is part of it, and that growth is characterized primarily by the development of internal goods—also called goods of excellence (MacIntyre, 1988)—that is to say, virtues. Only work on human personality can provide the necessary foundation for any derivation of organizational virtues (Moberg, 1999). This is so for organizations in general, but in the case of family business, “family involvement can motivate an orientation towards organizational virtue because of family’s influence on cultures, processes and decisions” (Payne, Brigham, Broberg, Moss, & Short, 2011, p. 261).

With these ideas laid out, the authors suggest expanded exploration of this perspective through empirical verification of the advantages of a virtue ethics approach in family businesses; building a scale to confirm the aforementioned conclusion that virtue ethics would result in better performance for the organization in the long run might be an opportunity for future research lines.

Moreover, future research would benefit from bringing together these two consolidated research fields, family firms, and virtue ethics, and contribute a rich perspective to current research in both fields, opening up new ways of answering many of the cultural questions that family firms bring to the table.

References
Virtue Ethics: A Contribution to Family Firms


**Additional Reading**


