ABSTRACT. This article examines and synthesizes two different approaches to determining the content of business ethics courses and the manner in which they ought to be taught. The first approach, from a political perspective, argues that the institutional framework within which business operates ought to be tested by theories of distributive justice. The second approach, from the perspective of virtue theory, argues that we ought to examine the character of individual employees and the responsibilities associated with the roles which these individuals play within organizations. I argue that Gadamer's interpretation of Aristotle's notion of *phronesis* shows an inseparable, bidirectional, conceptual link between the approaches of politics and virtue as well as providing insight into how business ethics might best be taught.

KEYWORDS: applied ethics, business ethics, distributive justice, interpretation in moral reasoning, moral understanding, *phronesis*, virtue ethics

One of the most provocative issues currently being debated in business ethics concerns which particular moral or political theory ought to be applied to specific moral problems which arise in a business context. Although there are many sides to this debate, a contrast in beliefs and pedagogical approaches has emerged between those who, on the one side, espouse the “political” view and, on the other side, those who espouse the “virtue” view. Those who share the political view suggest that the institutional arrangements permitted in our society have a serious impact on our capacity to be just, or on our ability to do the right thing by others. Hence in any discussion of business ethics pedagogical priority ought to be given to a macro political view which shows how the best intentions of the virtuous may come to naught amidst the competitive pressures of a free market. On the other side of the debate the voice of virtue claims that our moral discourse is so flooded with irreconcilable points of view that it is no longer possible to come to a reasoned agreement to justify an appropriate course of action (Macintyre, 1981). Hence the most important concern of business ethics, according to the virtue view, is to focus on the responsibilities which individuals have qua businesspeople or qua members of the larger community (Solomon, 1993). The virtue view pedagogically, takes a micro perspective. It is concerned with the concrete cases in which individuals are embedded. The political view, on the other hand, is concerned with the wide perspective of policy issues which regulate or help structure the institutions of our society. The virtue view is skeptical of moral and social-political theory, the political view takes the fruitfulness of such theory as its starting point.

This debate raises several questions: Is one moral theory more appropriately suited to business ethics than others? What is the relation between moral theory and particular problems? Is there a deductive relationship between theory and practice as the notion of “applied ethics” suggests? What is the appropriate scope of a business ethics course - micro problems involving...
business expertise or macro problems involving philosophical expertise? In this paper I will argue that both sides of the debate could benefit from closer attention to the nature of moral understanding. Moral understanding, I will try to show, is in constant flux between principles and cases, between politics and the workplace, between theory and practice, and as a consequence, both the micro and the macro view are conceptually related and pedagogically important.

By way of proceeding I will first examine each side of the debate to contrast their differences. Secondly, I will review their different criticisms of the “applied ethics model” approach to business ethics. These criticisms will provide a bridge to subsequently establishing in a later section an alternative approach to the applied ethics model. Third, a brief discussion of the implicit acknowledgements each side accords to the other's position will provide a basis for establishing the ways in which the virtue and political views are conceptually related. Fourth, by introducing the Aristotelian notion of phronesis I hope to show that the nature of moral understanding provides an additional conceptual bond between the two sides of the debate. Finally I will consider the pedagogical ramifications of my proposed synthetic solution to this debate between politics and virtue.

**The virtue view**

The virtue view is skeptical of the usefulness of studying moral theory in a business ethics course. Robert Solomon, one of the proponents of virtue theory, argues that the study of various theories actually encourages relativism - “if you are a utilitarian, you’ll do this, if you’re a Kantian, you’ll do that” (Solomon, 1993, p. 202). This relativistic impasse is difficult to overcome for those who have to make decisions without having had “the leisure to sort out where they stood in these debates” (Winkler, 1993, p. 350).

Virtue theorists also argue that Kantian and Utilitarian theories have nothing to say about the scope of business ethics, are oblivious to the particular responsibilities associated with the various roles in which employees find themselves, are completely inattentive to the rich personal dimension in ethics and finally both theories yield ambiguous practical advice (Solomon, 1993; Desjardins 1995; Koehn, 1995).

According to virtue theory “our basic unit of understanding” ought to be the roles individuals play within a corporation (Solomon, 1993, p. 204). The purpose of business ethics, virtue theorists argue, is “the description of and contemplation about - individuals in (and out of) business roles, as well as of the role of business and businesses in society” (Solomon, 1993, p. 204). Presumably, a description of the roles employees play within a corporation will lead to a better understanding of employee ethical obligations. Secondly, business ethics ought to focus more on the personal dimension of ethics, that is to say it ought to encourage amongst students and employees an appreciation of the virtues and values of the business world. Thirdly, we ought not to worry about any conflict between business values and the greater public good mainly because the values of individuals, and we may presume corporations, are largely fashioned by the larger community of which they are a part. Hence the values of corporations are only a subset of the community's values and these are predominantly shaped, or ought to be shaped, by the pursuit of excellence (Solomon, 1993).

Fourth, business ethics ought to encourage individuals to develop what Aristotle calls phronesis, that is to say “the ability to make reasonable decisions in situations in which there is no right answer” (Desjardins, 1995, p. 97b). This ability, or capacity to make good judgments, becomes all the more important if we reject the applied ethics model of deducing rules from principles and applying these rules to situations in order to determine the right course of action. If the applied ethics model goes out the window, there is no longer a methodology for solving ethical problems; we are left to muddle our way through as best we can. The hope that phronesis offers is the suggestion that the more we muddle our way through various problems the better we become in making good judgments in difficult situations.

In summary it is clear that according to virtue