

# What Aristotle could teach your business

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Public scandals, such as the Enron affair, the sub-prime mortgage problem, and the ensuing global credit crunch have led to dwindling confidence in the business world. A transatlantic study to be published in the *International Journal of Business Excellence*, an Inderscience publication, suggests that relearning the ancient notion of virtue could help bring business and society closer.

Businesses that excel in the services and products they offer their customers are usually the ones that succeed and post a healthy profit for their shareholders. But Alistair Anderson of the Aberdeen Business School at The Robert Gordon University, Aberdeen, UK and Carter Crockett of the Department of Economics & Business, Westmont College, Santa Barbara, California, USA, suggest that conventional models of excellence are too narrow and too functional for today's global economy. A new approach based on the ancient principle of virtue, dating back to Aristotle, could, they say, allow underachieving businesses to excel without moral compromise.

Anderson and Crockett point out the power and influence of business in society is greater than ever before. Yet, we seem to live in a world of "us and them" in which the realm of business is seen as different, and even competing, with society. "They seem to pursue different ideals in different ways and for different reasons," the researchers say.

Conventional methods of assessing business excellence are limited in scope, the researchers say, they cannot cope with emerging socioeconomic priorities in the light of globalisation, rising populations,

energy and water demands, and climate change, for instance. The conventional tools to measure performance, such as balanced scorecards, Six Sigma analysis, and process reengineering are useful nevertheless but focus on a business internally. "We, in contrast, try to set out a broader framework that encompasses, through notions of purpose, richer, fuller and more complete aspirations of excellence."

Most businesses work with shareholder interests in mind. Corporate managers see the overarching goal of the business to maximise dividends and share value. If managers' pay is linked directly to their success in achieving this goal, then the paradigm is reinforced. Simplistically, moral and social concerns can be ignored. We have seen decades of impressive economic growth riding on this paradigm. However, global issues such as climate change, poverty and the looming energy crisis, will not be addressed through this approach to business.

Anderson and Crockett argue that the division between society and business must be healed and this can be achieved not by seeing excellence as a purely profit-led aspiration, but by incorporating the ancient notion of virtue.

"Excellence itself is worth striving for and that companies who do so are more likely to be able to face the competing demands of today, as well as those of the future, by gleaning from this wisdom of the past," the researchers conclude.

Source: Inderscience Publishers

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