
DECISION-MAKING IN ORGANISATIONS, ACCORDING TO THE ARISTOTELIAN MODEL

Francesc Torralba & Cristian Palazzi

Abstract: One field in ethics that has been developed during recent decades is virtue ethics, represented most importantly by Alasdair MacIntyre's work *After Virtue*. Virtue ethics is not opposed to principle-based ethics, but rather complements its task and develops it more fully. In the field of US bioethics, this option has proved to be even more fruitful, especially in the work of Edmund Pellegrino and David Thomasma.

Virtue ethics is also being reappraised in relation to the ethics of organisations and business. It is considered that the best way of running a company does not depend solely on a group of ethical principles or agreed criteria, but on the effective exercise of certain qualities of character. Indeed, minimal ethics do not guarantee the excellence of organisations, or even their correct development. They guarantee certain standards of coexistence, but this is not sufficient to carry forward a collective enterprise in a creative way. It is impossible to achieve the aims of an organisation without ambition, magnanimity, humility, prudence, responsibility and courage. This group of intangible elements are virtues.

This article explores the process of decision-making in the light of Aristotelian ethics, in particular his work *Nicomachean Ethics*. Making decisions is a common task on the managerial agenda. The decisions of a manager affect individuals, the future of the organisation and, of course, they have consequences for the organisation and its surroundings.

Aristotle dedicates Book III of the work in question to studying the art

of deliberation and examining which virtues must be taken into account when reaching the best decision. Aristotle tells us that we deliberate about things that are within our power and can be done. There can be no deliberation upon exact and sufficient knowledge; however, we deliberate upon the things that are brought about by our own efforts, although not always in the same way. Leading an organisation is not a mechanical matter, but rather a process that requires creativity and responsibility. There are many different ways of doing it. Following the Aristotelian doctrine, this article aims to examine the elements that must be taken into consideration for correct decisions to be made. The following virtues play a fundamental role in this process: prudence, fortitude, justice and temperance, referred to below as called cardinal virtues.

Keywords: *Aristotle, ethics of organisations, cardinal virtues, decision-making*

JUSTIFICATION

Any competent organisation is a sum of legitimate interests that come to an agreement in order to carry out a task, to achieve success; success that can be divided into personal success, financial success and social success. Although the present article concerns the world of organisations with an ethical approach, it would not be realistic to deny that all organisations hope to be successful and to remain successful for as long as possible. In this case the ethical question must not focus on defining an organisation's purpose but rather on the means with which such an enterprise is undertaken.

The stakeholder theory developed by Freeman and Carroll might help us to define the agents and interests involved in the process of constructing an organisational project, although an analytical approach to the phenomenon of enterprise is not enough. To date, organisational language has only considered the strategic dimension of decisions, decisions taken by "any group or individual that can affect or is affected by the achievement of the firm's objectives" (Freeman, 1984). What is important for Freeman is to reveal the interrelation, however if we wish to clarify whether this interrelation, this meeting of interests is carried out responsibly, we must go beyond form and ask about its internal motivations, about its features.

Once we are capable of describing, in theory, the elements that go towards making up the organisational universe and its coalitions, we then need to ensure that these interests are played out, taking all of the stakeholders into account, and this means going from the sphere of strategy to that of responsibility.

There are some examples of this issue in today's literature that have attempted to relate the notion of an organisation's success to "a sense of highly developed responsibility" (Porras, 2007), yet we believe that someone still needs to specify which values or, in our case, which virtues are required for a conflict of interest between stakeholders to exist under reasonable conditions that are beneficial for all concerned.

ARISTOTLE IS NEEDED

A consistent answer to the question we wished to ask, so far, can be found in Aristotelian ethics. As is well known, in the 4th century BC Aristotle produced a very important philosophical work that has inspired numerous thinkers, right up to the present day. His ethics, and most particularly his *Nicomachean Ethics*, allegedly written to his son, constitutes one of the fundamental pillars of modern western morals and is the source of inspiration for the renewed interest in the ethics of virtues.¹

Here we find a treatise on happiness and how we must act if we wish to achieve it. This presentation of Aristotle's ethics, in the nature of a proposal, so far removed from formal abstractions, is based on the idea that all human beings long for happiness yet, at the same time, they understand happiness differently. That is why he proposes a concrete way to act that has become known as *virtue ethics*, the ultimate purpose of which is to achieve this state of good humour that Aristotle called *happiness*.

These virtues, divided into moral virtues, acquired through habit, and intellectual or *dianoetic* virtues, acquired through teaching, are related to the way in which it is possible to achieve happiness. The hypothesis of this article is that Aristotle's idea of happiness presents some elements

¹ This is how K. Morell defines the essence of the ethics of virtues in "Decision Making and Business Ethics: The Implications of Using Image Theory in Preference to Rational Choice", in the *Journal of Business Ethics*, 50 (2004), 245: "Dispositional, or narrative tradition of ethics that emphasises the cultivation of virtues and pursuit of the good life; teleological".

that might be vastly rewarding in the world of organisations, particularly in terms of decision-making, which is a habitual task². Running an organisation means taking decisions. Decision-making is so relevant to the life of an organisation that both its immediate and distant future actually depend on this process.

All organisations are made up of a sum of people that tend towards a certain idea of happiness. And this happiness can help us to redefine the aforementioned idea of success and broaden their point of view a little in terms of more realistic and responsible perspectives.

We are going to do this by attempting to clarify the crucial moment in the life of an organisation, namely decision-making. Decisions are like the veins of an organisation. A flow of correctly oriented decisions allows the organisational body to develop freely and transparently, and this is a moment in which, if such is not impeded by external circumstances, very high rates of satisfaction will be obtained, by both clients and workers.

The supposition is this: we want an organisation that takes all of its stakeholders into account but we also propose that this should be done as transparently as possible. How can this be done? As mentioned earlier, not only is it necessary to clarify the interests of each stakeholder but also the way in which each of them realises his or her own motivations.

To this end Aristotle, more than anything else, proposes a reflection on deliberation. Deliberation is the process that must precede decision-making because it is concerned with things that mostly occur in a certain way but in which the outcome is not clear, is uncertain.

Most of the reflections we can read in different specialist journals are concerned with the purposes or the ends of an organisation, yet

² Other authors have highlighted the value of Aristotelian ethics in constructing the ethics of organisations. For example, N. M. Wijnberg states, in "Normative Stakeholder Theory and Aristotle: The Link Between Ethics and Politics", in the *Journal of Business Ethics*, 25 (2000), 339: that "the Aristotelian approach could lead to different suggestions. In the first place, a mission statement could function to make explicit which virtues the managers desire to practice via the organization and how they want their organization to excel among other organizations. Secondly, and perhaps more importantly, the mission statement (...) could express the rules which should frame the process of deliberation including, for instance, rules on how far the decision maker(s) should go in investigating the interests of inside and outside stakeholders before making a decision and drawing up rules on how much of the process of deliberation has to be made explicit and public, so that individual decision makers can be held responsible by other stakeholders, if not legally, then at least morally".

few question what means are required to achieve such ends. We do not believe that the end (success) justifies any means, i.e. the means must also be responsible and must respect the rights of the stakeholders in order for the organisation's dynamic to be classified as ethical. Against a Machiavellian thesis we choose an Aristotelian posture. His reflection on means is realistic and credible and constitutes a very valuable doctrine in order to achieve the success that organisations aim for.

We start to become aware of our actions, and not merely their results, by taking seriously the deliberation of our actions, because that is where we decide what to do and why.

Since the application of virtues is not limited to a specific sphere of action but is valid for all aspects of human life, it is necessary to attempt to relate its insights with a specific field, such as organisations, particularly at the time of decision-making.

Knowing what a virtue is, and how to identify it, is the first problem we face, a problem for which Aristotle has provided a masterly response. "Virtue" he says "is a mean, or at least tends towards the mean", and he reminds us that "men are only good in one way, bad in many". The mean between excess and deficiency is virtue. For example, between arrogance and cowardliness we find bravery, between waste and avarice, generosity, or that honour is at the mid point between vanity and pusillanimity.

Exercising virtue will always depend on the responsibility attributable in each case. To be virtuous, one must be responsible for one's actions and, to do so, before taking a decision, one must deliberate on the best way to carry this out. Hence all virtue and all vice are voluntary, insofar as they respond to a decision taken following deliberation, and since such deliberation does not respond to the outcome we wish to achieve but to the means, the attitudes, the ways in which we can achieve it. As Aristotle said, "For this appears to be intimately connected with virtue, and to afford a surer test of character than do our actions".

The debate concerning responsibility in decision-making must not focus on whether this is reduced merely to making a profit (Friedman, 1970) or whether, on the other hand, it is a question of shared responsibility between all stakeholders. The debate should rather focus on how this profit is made or how the different stakeholders should be taken into account.

Once the idea has been proposed of virtue as *mesotes* (the mean) and its relation with the formation of character through deliberation, we can go on to analyse some key ideas in the art of choice, which Aristotle develops in his ethics.

THE ART OF CHOOSING WELL

In Book II of *Eudemian Ethics* and in Book III of *Nicomachean Ethics*, Aristotle develops *the art of choosing well* in philosophical terms. Choice, as Aristotle says, is voluntary; choice requires will but it is more than that. Even children and some animals close to humans are capable of voluntary acts but not of choice, because their actions are impulsive, not rationally chosen.

Strictly speaking, choice is not an impulse. It is the result of free will, and therefore of deliberation, which includes will but is not only that, which is also reflection, the exercise of reason. One may earnestly wish for something yet decide on the opposite, not through weakness or through fear but due to responsibility. Aristotle says that the principle is simple in inanimate beings but multiple in animate beings, since desire and reason are not always in accord. What is forced is laborious and no one acting by force will act happily. Those actions that one has within one's power to take or not take, and those that one takes without wishing to, one takes voluntarily and not by force.

A person's quality of life depends on the quality of the choices he or she makes. All choices have consequences, affecting third parties and, on some occasions, are irreversible in nature, which means that once the choice is made and acted on, one cannot return to the crossroads, go back to point zero.

Deciding is neither an appetite nor an impulse, and neither is it mere desire. It is not an opinion about practical things that depend on us, nor does it make us think that we must or must not carry these things out. Choice is not a simple supposition; it requires a certain capacity of containment because, when one chooses, one is not moved by appetite or by desire but by intellectual discernment.

Choosing well is always related to the probable. It makes no sense to choose the impossible, as this can only be a source of frustration. Choice is related to desire but there are desires that transcend the rational. One cannot choose to be a different person or to have different parents. In the art of choosing well, it is crucial to know how to distinguish between what depends on will and what is unrelated to it.

Choice does not focus so much on the ends but on the means to achieve certain ends. We wish to be healthy, to be happy, but choices are those one-off acts that we carry out in which the aim is to accommodate such an end.

Choice requires a context of freedom or the absence of external or

internal coercion. When one is forced or coerced to take certain decisions, then choice disappears. One may even have the sensation that one is choosing, yet if this is under the effects of coercion, one in fact does not decide. It must be recognised that certain thoughts and certain passions do not depend on us, nor do acts behave in accordance with these thoughts and this reasoning, rather that certain reasons are stronger than us.

Choice is about what can and cannot be. It does not make sense to choose what cannot be, nor what cannot cease to be. There are certain feelings, passions and emotions that do not enter within a person's field of decision. Plato, for example, considered love to be involuntary, like a powerful desire above nature. In this respect, one cannot choose to love or not to love someone. One can choose to express this love or not, to bind oneself to the loved person or not, but the feeling that flows from within the person transcends the field of decision.

What can be chosen is something that depends on us, what is within our power. It's not simply an opinion or something you think. It necessarily requires the exercising of thought although its goal is not thought but action. Choice is neither true nor false, cannot be measured in a binary manner, yet it can be said that a choice is better or worse by virtue of the consequences that it causes for oneself and for others. The ideal order, according to Aristotle, would be as follows: 1. Crossroads; 2. Deliberation; 3. Decision; 4. Action in line with the decision and 5. Deed or product.

Choice is something voluntary that requires the work of reason and reflection. We always choose between two or more alternatives. There is no exact science concerning these alternatives since, if there was then choosing would have no meaning. If one of the alternatives was scientifically true then choice would disappear, because it would make no sense to reflect. Choices are always developed within a context of probability, a sphere of not knowing, of ignorance, which is why there is the possibility of error. Reflection makes sense when the different ways of resolving the range of alternatives are varied and when each one has its pros and its cons.

"Choice is *taking*" states Aristotle "but not solely taking – it is taking one thing in preference to another; and this cannot be done without consideration and deliberation; hence purposive choice arises out of deliberative opinion" (*Eud. Eth.*, 1226b-1227a). He defines it as "a deliberative appetite of things within one's power" (*Ibid*).

In this sense, choice does not occur in man at any age, nor under all conditions, because man cannot always judge appropriately nor does he always possess the grounds for an action. Certain moods can seriously alter

the decision-making mechanism. Implementing a decision requires passion and enthusiasm, yet taking a decision requires emotional containment, since this can substantially alter the process and even frustrate it.³

All choice is something and because of something. The quality of a choice expresses the quality of the ethical subject making it. We can dissect this quality based on action. The last step in Aristotle's system is taken up by the deed or product that is the consequence of the action carried out. Aristotle says "Because it is not easy to see the quality of a man's purpose we are forced to judge his character from his actions; therefore activity is more desirable, but purpose more praiseworthy" (*Eud. Eth.*, 1228a-1228b).

THE PROCESS OF DELIBERATION

According to Aristotle, good deliberation is one of the fundamental characteristics of a prudent man. Deliberation gives rise to decision and, consequently, rational action. Aristotle associates the art of deliberating to investigation and analysis. As Farieta says, commenting on Aristotle:

deliberating is investigating the possibilities of achieving a state of things that corresponds to the agent's intention by means of the agent's own actions. When these possibilities exist, a decision has been taken and therefore, as a final part of the deliberation, the action is taken (Farieta, 2008, 91).

We deliberate about what is within our power and can be done. There can be no deliberation about precise, sufficient knowledge, yet we can deliberate about what is achieved by our intervention, about what depends on our freedom, although we may not always act in the same way. Directing, collaborating, working is always directing, collaborating and working in a certain way, is never a mechanical issue, rather an individual and collective process that requires virtue for an organisation to reach its peak.

³ A lot of elements influence the creation of a decision. As stated by K. Morrell, "Decision Making and Business Ethics: The Implications of Using Image Theory in Preference to Rational Choice", in the *Journal of Business Ethics*, 50 (2004), 243: "Many of our decisions are not one-off, isolated choices, but part of the ongoing narrative of our lives. In this sense, we do not make decisions in a purely rational manner, but do so in light of other choices we have already made, or are yet to make".

Logically investigation includes the possibility of error. When investigation is being carried out, it is valid to make a mistake and rectify the course as often as necessary, while attempting to resolve the problem. Making a mistake several times when attempting to resolve a problem is not symptomatic of whether the final response will be the right one or not. In general, the patterns for evaluating a response to a specific problem are independent from the errors committed prior to finding the solution to the problem.

Deliberation is an art that requires practical rationalisation. We deliberate about what is within our power. We deliberate about anything that can be done and is within our power, about things that depend on us. For Aristotle, deliberation is necessarily related to what is practicable. Only insofar as something is practicable can it be the object of deliberation.

Deliberation is not about the end but about the means of achieving that end. Through deliberation, we reflect on the instruments that are going to be used to achieve a specific end, yet not only on the instruments but also on the *modus operandi*, the process of achieving an objective. No one chooses correctly without being prepared and without having deliberated on whether something is good or bad. Neither is deliberation necessary for those things that do not have a specific end or those where no concrete project is proposed.

Deliberation is an art and not a science. Its aim is the means that lead to the end. It is essentially a practice aimed at utility. When deliberating, several possibilities to achieve an end are analysed, are evaluated and are accepted or rejected. One does not deliberate about chance or need.

According to the theory of the mean, good deliberation must avoid two extremes: excess and deficiency. It requires time. It is not an immediate or rapid process, especially when the range of alternatives that can be discerned is highly varied and the pros and cons of each are closely balanced. The point is not only the time deliberation lasts but the large number of factors or variables that need to be analysed in each case.

Aristotle points out that “deliberation must stop at the particular fact or it will embark on a process ad infinitum” (*Nic. Eth.*, 1113a2). Thus, a moment arrives when deliberation must stop and a decision must be taken. On occasions, circumstances, external pressure or mental health, may require that a decision must be taken and the deliberation process put behind us. Each new situation presents new crossroads that will once again require the practice of deliberation. It is possible that the result of a deliberation may be appropriate not only at one opportunity, at one moment and at one

specific place but that, given that there are cases in which the circumstances may be similar, the same decision may be equally useful in several cases. Sometimes, on the other hand, the decision, which is the mature fruit of deliberation, needs to be reviewed and adapted to new conditions and to new contexts in which it is necessary to act in a certain way.

DECISION-MAKING IN AN ORGANISATION

According to Aristotle, virtue lies at the root of choosing well. "Virtue makes the choice free of errors and the end correct, so that one chooses what is proper or, as some people believe, [virtue makes] the reasoning [correct]" (*Eud. Eth.*, 1227b-1228a). Aristotle also adds:

If therefore, when a man has it in his power to do what is honourable and refrain from doing what is base, and he does the opposite, it is clear that this man is not virtuous. Hence it necessarily follows that both badness and goodness are voluntary; for there is no necessity to do wicked things (*Eud. Eth.*, 1228a).

Decision-making, both in personal life and within the context of organisations, must be governed by the virtue of prudence, or by what Aristotle called *practical wisdom*.⁴

Very often, strict need does not provide organisations with much room to manoeuvre. Everyone, due to the mere fact of forming part of a social, economic or cultural environment, is affected by a series of tensions that are unrelated to his or her will but that must be taken into account in order to be able to develop correctly in this environment.⁵ Knowing

⁴ This is justified by N. Bhuyan (2007, 45): "A person of practical wisdom can deliberate well not only in some particular respect, but also in respect of things conducive to the good life in general. Practical wisdom is the capacity to deliberate not on things which are invariable, but on things that can be brought about through action, choice and deliberation. A practically wise person is able to perceive or imagine the appropriate degree of passion and the appropriate action in response to it. Such a person acts in the realm of a particular and specific context, where he or she already has a clear notion of the essence, the goal, the fundamental values, and virtues conducive to good life in general. Importantly practical wisdom concerns the excellence of deliberation as well as action".

⁵ This is also expressed by K. Morell (2004, 240): "Choice is also sometimes explained in terms of the influence of external factors, such as the local environment

how to identify such a system of vectors and responding to the needs that appear is highly positive but, at the same time, it is also fundamental to identify the internal possibilities of any organisation, the sphere that is under its control, since decision-making is carried out within this sphere.

The process of deliberation and decision-making within the context of an organisation takes on a greater degree of complexity than that carried out on the individual plane, as this process affects, whether directly or indirectly, the different people that collaborate in its development. That is why Aristotle's system, applied to the plane of organisations, must introduce some significant new elements.

Correct decision-making within the context of organisations requires the delimitation of fields of responsibility and power. It is essential for each person to know what is expected of him or her in the organisation and what his or her field of action is, and the commitments undertaken should be explicit. Faced with a crossroads where very different alternatives are available, it is essential to practise dialogue. The interlocutors of this dialogue must be the stakeholders, whether direct or indirect, due to the consequences of the decision that is going to be taken.

In resolving problems, it is vital for those hypothetically involved in the decision to be able to contribute actively and express their duly reasoned point of view. So deliberation, within the context of an organisation, must be an act of dialogue where the interlocutors can express which branches of the tree it is necessary to take. Moreover, a detailed analysis is also required of the consequences that may result from the decision, assuming the margin of risk and the lack of knowledge inherent in all anticipation, especially in the financial sphere.

In decision-making, the team or person that must ultimately choose one of the alternatives must listen attentively to the different interlocutors, advise on the possible risks and imagine possible solutions although, finally, deliberation must have a goal, since delaying the decision leads to a climate of uncertainty and impermanence that will harm the dynamics of the organisation.

The decision-making process is of incalculable value in the life of organisations. Very often, when decisions are taken impulsively, or due to external or internal coercion, their consequences will be disastrous. In

or community, or the influence of others: peers, family, opinion Readers, and word of mouth. All of these may bias judgement and action by zapping a decision maker's perceptions".

spite of the fast pace inflicted on organisations in our social world, the time dedicated to deliberation is never wasted because, if a transparent dialogue of good quality can be established, then failures will be avoided and the route to success will be correctly determined.

If one deliberates prudently, one is very likely to achieve good results. If, moreover, the process is transparent and involves the stakeholders then a climate of positive activity is created that will catalyse the development and dynamism of the organisation itself.

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