The underlying causes of the global financial crisis of 2008 are numerous and complex and include structural, economic-technical, and personal decisions dimensions. Effectively, these causes reflect a failure in corporate governance mechanisms. This article makes a case for professional ethics in proposing a moral psychological approach that uses virtue ethics and moral principles that focuses on moral selfhood, in particular: an approach that reduces the moral gap between the real self and the ideal self. Such an approach equips one with the requisite moral and psychological preparedness in responding to adverse situations that represent excellent opportunities for personal growth and well-being. The ultimate solution to the global financial meltdown demands the development of the virtuous agent that entails perfecting “human nature as it is” (characterized by its susceptibility or proneness to error) and pursuing “human nature as it ought to be” (characterized by its natural inclination toward truth and moral goodness).

The Global Financial Crisis: What Is Rotten?

In spite of increasing and expanding regulatory reforms (Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Sarbanes-Oxley Act of 2002, Gramm-Leach-Bliley of 1999), we continue to witness widespread unethical practices in well-regarded organizations: Barclays (manipulation of interbank interest rate), Hong Kong and Shanghai Banking Corporation (HSBC) (fined for failing to stop money laundering in Mexico), JP Morgan (a company’s London trader cost the company somewhere between US$4 billion and US$7 billion), Swiss banks (UBS traders cost the bank US$2 billion; Credit Suisse and Julius
Baer who are under investigation for complicity in tax fraud that violates the US Foreign Account Tax Compliance Act). The global financial crisis has demonstrated what can be expected in the future when sound ethical foundations and motivations are ignored or sacrificed.

A recent survey of five hundred financial services professionals in the United States and the United Kingdom revealed that although 94 percent of respondents indicated willingness to report wrongdoing, 26 percent indicated that they had observed or had firsthand knowledge of wrongdoing, almost 25 percent believed that financial services professionals may need to engage in unethical or illegal conduct in order to be successful, 16 percent would commit a crime if they could get away with it, almost 33 percent reported feeling pressured by bonus or compensation plans to violate the law or engage in unethical conduct (nearly 25 percent felt similar pressure from other sources), and 25 percent believe that regulators are effective.1 Further, another international survey found that 39 percent reported that bribery or corrupt practices occur frequently in their countries. While we may never fully understand these causes, we are still witnessing their disastrous consequences at all levels: individual, organizational, and societal.2

Businesses operate in a dynamic and complex environment characterized by globalization, technological advancements, and financialization of the economy (shift in the capitalist economy from production to finance) so that the underlying causes of the global financial crisis of 2008 are numerous and complex.3 These can be categorized as (1) structural such as fiscal havens, securitization, financialization, liberalism, capital market, monitoring and sanctioning of management, independent directors, separation of CEO and chair, and so forth; (2) economic-technical such as housing bubbles, evaluation tied to real estate pricing, deficient regulation, and so forth; and (3) personal decisions such as behavioral and moral dispositions shaped by situational and cultural factors.4 The causes of failures can be also understood at three different levels or categories: (1) rotten apple (this occurs when the individual succumbs to the temptations inherent in the workplace), (2) rotten barrel (this describes the work environment and organizational culture that provide opportunities for deviant behavior), and (3) rotten core (this relates to the ethicality of the socioeconomic-political or ideological system of governance).

Proposed solutions generally only address the rotten barrel and rotten core elements, but what is striking is that the proposed solutions associated with the rotten apple argument have been ignored or overlooked. In light of the consequences of the global financial meltdown, there should be an increasing demand
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for ethically competent (not just technically competent) business professionals. This article makes a case for professional ethics that addresses the issue of individual governance or self-mastery that deals with abuses of power and authority, conflicts of interest, moral relevance of work, application of moral and professional principles in ethical decision-making, and professional responsibility. It proposes an Aristotelian-Thomistic moral psychological approach that uses virtue ethics and moral principles and focuses on moral-selfhood, in particular, an approach that reduces the moral gap between the real self and the ideal self. The article recommends such an approach because it equips one with the requisite moral and psychological preparedness in responding to adverse situations that represent excellent opportunities for personal growth and well-being.

One of the key issues is not only that most people have weak characters but also whether or not the leadership (tone at the top) is able to define an ethical organizational culture (mainly through example by living and practicing ethical values and beliefs espoused by the moral principles such as human dignity, solidarity, subsidiarity, and the common good). When an ethics of virtue informs a corporate culture, a shared theory of goods and a common consensus on the hierarchy of goods guides organizational life. The market system (defects of which are related to the rotten core) also needs to be directed by these principles that are critical to the success of building an ethical culture (defects of which are related to the rotten barrel) and promoting ethicality at the individual level (defects of which are related to the rotten apple). The ultimate solution to the global financial meltdown, therefore, demands the development of the virtuous agent that entails perfecting “human nature as it is” (characterized by its susceptibility or proneness to error) and pursuing “human nature as it ought to be” (characterized by its natural inclination to truth and moral goodness).

Section 2 discusses the role of applied ethics in addressing the consequences of the global financial meltdown within the context of governance (the failure of which some have argued was the principal cause of the global financial crisis). This section argues that institutional arrangements such as corporate governance mechanisms, while necessary, cannot be a substitute for personal virtue. Consequently, this makes the case for professional ethics (which includes the development and practice of the virtues guided by moral principles) that is elaborated in section 3. Section 4 argues the case for the Aristotelian-Thomistic approach to professional ethics in favor of traditional approaches that have not proved to be effective in achieving the desired outcomes. The conclusion section briefly summarizes the key points of this article.
Governance and the Role of Applied Ethics

Applied ethics can be understood and applied in addressing the rotten core aspects (through social ethics), rotten barrel aspects (through business ethics), and rotten apple aspects (through professional ethics). Social ethics apply moral principles to the tasks of (1) examining the existing social institutions with regard to the extent that they are in harmony with one’s existential ends and that they are fitted to realize them (social criticism) and (2) ascertaining the natural order of the spheres of social life insofar that this can be known from these principles applied to existing conditions (social reform). Business ethics cover broad areas in ethics as applied to business and include areas such as corporate social responsibility, corporate governance, the environment, organizational ethics (culture, work, structures, rights, regulations, and so forth). Professional ethics are targeted at the individual and include such issues as the application of discretionary judgment based on, for example, Kantian ethics or natural-law ethical principles, motivation and other internal dispositions including virtues. All three areas of applied ethics are interdependent in aligning the goals of the individual, organizations, and society.

A three-level governance framework provides insight for analyzing the causes of failure comprise: external governance (this deals with the rotten core aspects and addresses the issues that financial institutions face in the marketplace), internal governance (this deals with the rotten barrel aspects and addresses responsibilities and accountability of the firm), and individual governance (this deals with the rotten apple aspects and ensures that individuals are able to fulfill the obligations of both internal and external governance). Recent corporate governance initiatives have generally focused on both internal and external governance so that the debate on corporate governance arrangements has overlooked or ignored governance at the individual level (especially with respect to ethical decision-making and the development of the virtues). While much research and applications have been developed under business and social ethics that address issues that relate to internal and external governance respectively, the area of professional ethics, which addresses individual governance, has not received its commensurate attention. Effective governance requires integrity-based systems (monitoring, controlling, behavior, and so forth) to deal with the rotten apple challenge, rules-based compliance (capital requirements, business activities, and so forth) to deal with the rotten barrel challenge, and sociopolitical ideologies that that promote the common good to deal with the rotten core challenge.

Although all three “rotten” considerations need to be concurrently addressed for developing the virtuous agent, organization, and society, the Aristotelian-
Thomistic strategy would argue that primary emphasis be placed on the *efficient cause* or rotten apple element, that is, those who are immediately responsible—senior executives and board members—for bringing about the other remote causes that relate to the rotten barrel and rotten core elements: *material cause* (material or matter of which a thing is being made, in this case, lack of effective corporate and country governance mechanisms), *formal cause* (the form, plan, or blueprint that identifies how the material or information is put together, in this case, the unrealistic pricing of contagion risk of complex financial instruments such as subprime mortgages, credit default swaps, mortgage-backed securities, and collateralized debt obligations), and *final cause* (the purpose for which a thing exists, in this case, the goal of profit or shareholder wealth-maximization under the neoliberal capitalist ideology).

Business and economics operate within a cultural environment with ideologies, values, and common practices. A deeper reflection on the causes of the global financial crisis is therefore required that not only include techno-economic aspects but also behavioral, moral, and cultural dimensions (all of which are interrelated). Behavior appears to be critical, and a focus on right behavior means a shift from the “hardware” of governance (structures and processes) to the “software” (people, leadership skills, values, culture, and so forth). The latter involves questions such as:

- How does the board both engage and challenge management?
- How does it support management in overcoming key difficulties?
- Are interactions open and transparent? Does management help the board understand the real issues?
- What is the attitude of the CEO toward the board?
- Is the relationship between the CEO and chair a constructive one?
- Are issues presented to the board in a way that is amenable to the application of business judgment?
- What underlying organizational culture and values drive behaviors?
- How can a desired culture best be supported and reinforced?

While human beings are fallible and may bend or breach rules and rush for short-term gains, corporate governance should be an educational and noncoercive system, the role of which is to improve the behavior of the individual and direct it at many problems manifested in the corporate context. This is precisely one of the major objectives of the Aristotelian-Thomistic approach to professional ethics and is accomplished through the development of the virtuous agent. *The*
The art of governance is in making different forms function well and adjusting the form to enhance function. It requires mature leadership, sound judgment, genuine teamwork, selfless values, and collaborative behaviors—all carefully shaped and nurtured over time. This requires the development of virtues (guided by moral principles), and so the perennial and challenging issue of how virtues can be taught and principles be put into practice must be revisited in developing professional ethics programs. The next section, therefore, explicitly makes the case for professional ethics.

The Case for Professional Ethics

As argued above, proposed solutions associated with the rotten apple argument have been ignored or overlooked. This has serious implications for the recurrence of financial failures that we have continued to witness from recent experiences. The practice of personal virtues and moral principles (accountability, respect for the customer and other stakeholders, promotion of the common good, fair wages and prices, and so forth) may have prevented the global financial crisis. The global financial crisis would probably not have occurred without certain political decisions (related to monetary and economic policies, as well as deficient regulation and monitoring), personal decisions (related to corporate strategies and business policy, including strong incentives associated with short-term profits and mortgage-backed securities trading involving a manifest lack of transparency), and different responsibilities of professionals (credit rating agencies, civil servants, and politicians). Six practical ethical principles (numbered below) intended to inform and guide the mind-set of business and business leaders fall under three broad business objectives (in italics), first, meeting the needs of the world through the creation and development of useful goods and services: (1) produce goods that are truly goods and services that contribute to the common good and (2) maintain solidarity with the poor by being alert for opportunities to serve otherwise deprived and underserved populations; second, organizing good and productive work: (3) make a contribution to the community by fostering the dignity of work and (4) provide, through subsidiarity (at the minimum an empowering fostering of self-help), opportunities for employees to exercise appropriate authority as they contribute to the mission of the organization; and third, creating sustainable wealth and distributing it justly: (5) model stewardship of resources (capital, human, and environmental) and (6) promote just allocation of resources to all stakeholders (such as fair wages).

Some have argued that institutional arrangements are adequate in effectively dealing with the deficiencies of the market (including individual behavior). For
example, Hobbes is of the view that social rules and contracts can coerce behavior, while Marx would view economic structure and history as the determinant of social order and behavior accomplished through the struggle between the working class and the bourgeois society. Although laws, professional codes, rules, and regulations are necessary ingredients for effective compliance, such institutional arrangements cannot be a substitute for virtue or to ensure justice for safeguarding the common good; they require the virtuous agent to transmit the spirit of the law. Indeed, laws serve to enforce a minimal obedience from the vicious; when real virtue is achieved, the law becomes obsolete or unnecessary. It is the virtuous agents who would establish effectively the social structures and culture: “If there are people who do have robust character traits and are resistant to situational variation, they can design and reliably maintain the broad range of institutions and situations that facilitate good behavior for everyone else.”

While effective corporate governance regulations and oversight are necessary for the proper functioning of capital markets, even the best laws and regulations can easily be abused or manipulated. Regulatory and structural reforms require a laborious struggle to acquire knowledge of virtue and the good, especially by those who govern; for example, to govern others justly, one must first govern oneself. Those who do hold such positions could be given to understand that their institutional roles carry an extra burden of responsibility to strive for virtue, commensurate with the importance of their influence on situational settings that guide the behavior of others who are subject to their authority. However, if virtuous agents are so rare, as pointed out by the virtue ethics-situationists debate, and are also prone to be influenced by morally arbitrary factors, then the governance structure ought not to be left to personal resolve.

These views are consistent with the research findings that the tone at the top is critical in transmitting the importance of a strong ethical organizational culture that promotes an effective corporate governance culture of trust, integrity, and honesty. It is therefore important to recognize that those whose business it is to govern aspire toward becoming virtuous and that mechanisms be put in place to facilitate this process of choosing and developing such agents who have the requisite dispositions. Social groupings, such as corporations, work best when led by individuals of good character. Although reforms should promote building the virtuous organization and economy, they ought to focus on developing the virtuous leader who can effectively and positively influence organizational culture. In developing an ethical organizational system, it first requires good human beings, characterized by ethical behavior, who promote good governance, characterized by an ethical culture, which in turn reinforces good human beings. Virtuous agents establish the ethical culture in transmitting the spirit of the law.
Until this is addressed, there will be a continued need for more regulatory reforms as well as stricter oversight and enforcement of regulatory standards.

A moral-psychological approach that focuses on the individual would address the fundamental underlying causes. Virtues are firmly grounded in psychology because part of becoming virtuous is acquiring some key and common characteristics of psychological health. Virtuous agents are aware of their strengths and weaknesses. By knowing and accepting who they are and what they ought to become, they exhibit self-awareness and self-acceptance. They are aware of morally significant aspects of their circumstances. For example, they can identify with the pain and suffering of others and they have the ability to identify narcissistic behavior. Furthermore, they are able to manage an emotional and desiderative balance that avoids the mental consequences of repression, denial, anxieties, fears, and other excesses. There is some congruence between virtues and (positive) psychology: promotion of mental health through the development of character, the connection to community well-being, the cultivation of human strength and resilience, the foundation of wisdom, and the link to the meaning of life (moral-selfhood).

With respect to moral-selfhood, there are six features that link virtue and moral-selfhood and provide a theoretical framework that is amenable to empirical investigation of the nature and formation of moral-self:

1. Virtues, rather than rules, constitute the primary area of interest.
2. Practical reasoning, rather than metaethical reasoning, is the focus.
3. Moral perception is a prominent feature.
4. Emotions are acknowledged as integral components of the agent’s moral vision and response.
5. Selfhood and morality are recognized as interwoven constructs.
6. The view of the virtuous self as an interdependent self.

There are two complementary approaches to moral-selfhood (that is, bridging the gap between our actual and ideal selves): First, by plotting and sticking to our path, which includes our value system as dictated by our worldview, we will eventually act in closer accordance with our value system and will be relatively immune from bias. Second, by improving awareness of our tendency to act in a biased way, based on our value system on the theory of objective self-awareness (that is, we are able to identify our moral thresholds when we are not at ease).

The urgent and difficult task that is the essential goal of professional ethics is the acquisition and application of knowledge of what is true and right (the intellectual virtues) through the use of one’s freedom in the pursuit of the good
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The moral virtues as revealed and guided by metaethical principles, in other words, the development of the virtuous person who has the prudence, courage, discipline, and justice to make and implement morally upright decisions in order to overcome and respond to situational influences of the rotten barrel and rotten core factors. Ethical transgressions can be traced ultimately to the separation of truth from freedom as reflected in the disordered relationship between intellect and will, which represents the human ecological phenomenon of toxic pollution of the human spirit, or spiritual toxicity. Pollution of the organizations and the market (rotten barrel and rotten core) is directly related to pollution of the spirit (rotten apple). If this is not urgently addressed, the issues at the individual, organizational, and societal levels will be perpetuated. In defining an ethical organizational system, there must first be virtuous agents (at least by those who govern) in order to effectively promote good governance that in turn supports the virtuous behavior. The next section advocates more specifically an Aristotelian-Thomistic approach to professional ethics that addresses the above characteristics that are deficient or have been neglected in current practices.

An Aristotelian-Thomistic Approach to Professional Ethics

Traditional approaches to teaching professional ethics include, for example: (1) legalistic, which emphasizes the application of law, regulations, and professional codes; (2) metaprincipled, which uses universal principles of autonomy, nonmaleficence, beneficence, justice, respect, and fidelity; (3) traditional, which focuses on ethical decision-making using various principle-based theories; and (4) philosophical, which focuses on ethical thinking using classical metaphysical, epistemological, political, and social concepts have not proven to be effective in improving the ethical climate at the levels of the individual, organization, and society. Ethical interventions have, for the most part, failed, and will continue to fail because they fail to recognize the moral hypocrisy that occurs when individuals’ evaluations of their own moral transgressions differ substantially from their evaluations of the same transgressions committed by others.27 Traditional approaches and training methods to ethics lack an understanding of the cognitive patterns that results in unethical behavior based on findings from the emerging field of behavioral ethics that seeks to understand how people actually behave when confronted with ethical dilemmas and that offers insights into our understanding of why we often behave contrary to our best intentions.

The above suggests that an approach that incorporates a moral-psychological dimension, focusing on the individual is perhaps more appropriate in addressing
individual governance in the context of internal governance, and external governance. We propose an Aristotelian-Thomistic approach that is based on the assumption that people have the innate ability to maintain a belief while acting contrary to it. This fallibility or defect in human nature is referred to as social antiperfectionism, reflecting the view of human beings characterized by a common human nature—yearning for knowledge of the truth and the good—that gives them the capacity to do good but also the potential for moral transgressions. The mirror, that is, human nature, has been cracked but is still serviceable as opposed to it being smashed, that is, totally corrupted. In this view, the susceptibility or proneness to error stems from the defect of imperfection in human nature.

An Aristotelian-Thomistic account embraces a unitary understanding of human nature according to which embodiment is intrinsic to personhood: The body and its inclinations are expressions of its spiritual powers. One spiritual power is the intellect; the power with its object to know the being of things, that is, reality, that allows one to understand the order of things through its power of discrimination. Another spiritual power is the will; the power to choose among rational alternatives of what is intellectually grasped as good or desirable. The intellect and will are described as spiritual powers in the sense that they are both independent of material conditions. The inclination to do wrong is fueled by a disordered self-love so that the struggle to develop and perfect one’s nature is a life-long and continuous one. Because of the imperfection of human nature, one’s judgments are often clouded by ignorance and deception and result in the tendency to confuse apparent goods (fragile and fleeting that appeal to the sense appetite) with true goods (the corresponding pleasures that promote happiness). The choice of evil consequently consists not in wanting a certain good but in wanting it in a disordered way because the order of means to an end is disrupted.

The Aristotelian-Thomistic approach integrates cognitive and emotional elements that develop a more personal development-oriented approach and would cover both principles that can guide one on the issue of what the right thing to do is and the virtues that guide one on the issue of what sort of person ought I to be in order to do the right thing. Principles and virtues are two sides of the same coin: principles without virtues can be excessively abstract and legalistic, while virtues without principles can fall into the abyss of relativism. A study conducted on a training that was based on Aristotelian virtue concluded that such an approach might be the best way to establish a sustainable ethical corporate culture. Peter Drucker’s management philosophy reflects the Aristotelian virtue-based approach that deals with matters of character, community, and telos and that provides a framework for improving managerial behavior.
Virtues are central to the notion of an Aristotelian-Thomistic moral psychological humanism. Both Aristotle and Aquinas identify two categories of virtues in accordance with the division of the soul, as formed to the body’s matter and not two separate entities. The first is intellectual, virtues that perfect the intellect acquired through instruction and geared toward the goal of achieving excellence in reasoning and truth. The second is moral, virtues that perfect the will developed by practice and geared toward achieving excellence in living a morally good life.33

The intellect is endowed with three virtues that assist to perfect its speculative or theoretical activities: (1) *nous* (understanding or intuition)—the habit of first applying the first principles of thinking that gives one the ability to grasp or be aware of self-evident truths without the effort of discursive reasoning (this virtue is sometimes referred to as “common sense”); (2) *sophia* (wisdom)—the habitual knowledge of understanding fundamental truths and knowledge of things in their ultimate causes and consisting of an ordering of all principles and conclusions into one body of truth; and (3) *episteme* (science)—the habit of possession of truth reflected in the ability to grasp conclusions in some specialized knowledge as demonstrated by evidence or by proof. The intellect is also endowed with two that assist to perfect its practical activities: (1) *techne* (art)—the habitual knowledge of how to make things useful and properly reflected in the ability to choose efficient means to affect external productions, and (2) *phronesis* (prudence or practical wisdom)—the habit of knowing how to act morally upright in concrete situations and reflected in the ability to apply reason to human judgment through the discernment of the *telos* (end) of human conduct and to choose the proper means to attain this end.34

Moral virtues are concerned with both passions that set the practical situation and the actions that provide the platform for how one responds to it. Agents act virtuously if their choices proceed from firmly established dispositions through deliberating well in responding to particular situations by choosing certain actions that would lead to *eudaimonia* or human flourishing. This flourishing consists in the realization of the moral virtues, which constitutes a specific medial character state between the extremes of deficiency and excess, adjudicated through the intellectual virtue of prudence (practical judgment or practical wisdom). They are grounded in the rational appreciation of what it means to live a morally good life and are enduring qualities of character through which one is able to act in a praiseworthy way. They require repetition of acts as each act disposes one to perform the next with ease. This involves the proper adjustment of the passions or sense appetites with reason. Moral virtue is a state of character concerned with choice; it emphasizes consistency and integration within the agent’s motivations.
The moral virtues are strengths that enable people to flourish as complete moral individuals, and virtuous actions proceed from a firm and unchangeable character.

Moral virtues are habits that operate under the direction of the will, whose function it is to obey right reason, and equip a person to act in accord with reason. There are as many moral virtues as there are specifically different morally good acts, but they are all reducible to three core virtues: (1) *justice* (the habit of giving others what is due to them); (2) *fortitude* (the habit of dealing effectively with difficult situations); and (3) *temperance* (the habit of self-mastery or discipline over one’s tendencies for laziness, complacency, and disordered appetites). Together with practical judgment—(*prudence*)—these four virtues are known as the *cardinal virtues* through which all other moral virtues are hinged. The cardinal virtues are required for the realization of the human capacity for being. It is important to note the operational relationship between practical judgment and the other moral virtues. Moral virtues are necessary because they control the appetite or desire by making the commands of practical judgment effective. Moral virtues, therefore, are the foundation and precondition of practical judgment. For example, the moral virtue of prudence will facilitate the decision-maker to judge particular situations correctly and not act out of ignorance. Practical judgment is the prerequisite for the appropriate realization of the good (only one who exercises practical judgment can do so) because it enables one to discover the correct application of the moral virtues in acting morally upright.35

In particular, the key virtue that glues the other moral virtues together is prudence or practical judgment characterized as the habit of knowing how to act morally upright in concrete situations. It is the ability to discern the true ends or purpose of human conduct in choosing the appropriate means in attaining this end. It is also the cautious and decisive faculty for filtering things correctly as well as for daring courage in finding definite resolution. Prudence also implies clear-headed thinking, uprightness, open-mindedness, and impartiality that is elevated above all difficulties and expediencies. Additionally, prudence is the ability to establish the link between knowing and doing in regulating the dynamic interplay between knowledge and behavior. Finally, it is the right moral beliefs and requisite knowledge to reach a morally upright decision that fills the gap between indeterminacy and algorithmic formulations. Intellectual activity does not make one unqualifiedly good. It is good only in a restricted sense (e.g., technical competency). Prudence can be considered not only as an intellectual virtue but also as a moral one because it directs one toward one’s goals. It is also subject to the dominion of the will, and it does not so much depend on one’s intellectual ability as in the strength of one’s will (one of low intelligence can be prudent through the influence of the will).36
An intellectually virtuous agent is motivated by and takes delight in attaining cognitive or intellectual ends such as truth, understanding, wisdom, and rationality; while a morally virtuous person is motivated by and takes delight in attaining morally good ends such as justice, responsibility, and self-mastery. Considered in themselves, the intellectual virtues are more excellent than the moral virtues because they pertain to the intellectual aspect of the agent while the moral virtues regulate the passions that belong to the sensitive aspect. Considered from the perspective of the service that they render to the agent, the moral virtues are more excellent because they facilitate attaining the agent’s last end. Moral conduct therefore does not primarily lie in developing the intellectual virtues, but rather the moral ones.

Because the function of the intellect is to discover truth as its object, then lies and deceptions from the outside (for example, prejudice, racial intolerance, and social discrimination) and from within (e.g., selfishness, envy, greed, and self-doubts) are its enemies. The relationship between intellect and truth cannot be considered without reference to the will and good. For example, although the intellect may be clear and certain of what is true, the will can hijack or usurp the function of the intellect (the selfishness of the will is capable of preventing the intellect from recognizing truth) by directing it to find justifying reasons for a preferred solution based on pleasurable or useful outcomes. Weakness of the will (akrasia) is also manifested when one knows what the right thing to do is but is unable to do it. This indicates an inability to bring knowledge and desires into a coherent action that the virtues attempt to rectify. Errors of the intellect can also have an effect on the will. The pride of the intellect is capable of distorting the good it presents to the will. For example, the practical judgment of the intellect can be affected by arrogance, presumption, and prejudice, that is, judging from insufficient evidence or substituting wishing for thinking, as well as intellectual license, that is, the notion that one is free to doubt, affirm, or deny what pleases a person as reflected in relativism and subjectivism. The pride of the intellect and the selfishness of the will can therefore reinforce each other’s errors.

In addition, if the senses (both internal and external) are defective, the power of the intellect to apply practical judgment would be hampered. The passions in themselves are morally neutral, however, insofar as the will permits a disorder in the passion, that is, if the passions are allowed to rule reason, the power of reason may fail to judge adequately, especially when they are aroused by powerful situational influences. To act well, therefore, the intellect must be able to recognize and distinguish a true good from an apparent good and present it to the will. This requires the virtue of prudence. The will requires a special habit to respect the rights and goods of others, which requires the virtue of justice. One
must restrain oneself with reason in pursuing sensible goods. This requires the virtue of temperance. One must also refrain from acting unreasonably in the face of difficulty. This requires the virtue of fortitude. Behavioral improvement can therefore be accomplished by strengthening the will and intellect in particular. In other words, by living integrity that is addressed in the next section.

**Living Integrity**

The challenge or main issue is how one can be truly virtuous in a world that is characterized by the allurement of powerful situational forces and ideologies. Research findings from virtue ethics and situational social psychology reveal that most people (perhaps up to 90 percent or more as revealed by experimental results) have relatively weak characters (both cognitive and motivational as reflected through an uninformed intellect and weakened will) and are thus likely to be defined by factors such as the business environment, organizational culture, opinions and ideologies through their influence of weak character dispositions—in short, by the interaction among the rotten apple, rotten barrel, and rotten core factors. It appears that powerful situational features do shape, especially if one possesses weak character traits, one’s moral and intellectual outlook that can result in a “continuum of compromise” or a “slippery slope.” Consequently, one can develop moral slippages and blind spots manifested by not being able to recognize ethical issues and moral dilemmas, by not being able to determine what the right thing to do is, and by not having the courage to do the right thing.

In general, determinants of unethical behavior include those that relate to the rotten apple causes (motivations and desires, moral objectives and actions), those that relate to the rotten barrel causes (adverse situational factors in organizational culture), and those that relate to the rotten core causes (socioeconomic and political ideologies). In promoting morally upright conduct, one therefore needs to struggle against two enemies: factors that affect the person from within (rotten apple elements) and factors that affect the person from outside (rotten barrel and rotten core elements). Specifically, the former includes factors such as:

- **innate psychological imbalances** (possessing anxieties, self-doubts, fears, narcissistic behavior and other mental and personality disorders)
- **desensitization** (lacking attention to details),
- **distractions** (lacking attention to details)
- **moral exclusion** (removing key stakeholders’ views and those involved in the decision-making process)
• quid pro quo arrangements (putting one in a situation that can compromise one’s integrity)
• fixation (ignoring important considerations)
• diffusion of responsibility (shifting blame on others or “passing the buck” mentality)
• deindividuation (believing that one’s behavior is shrouded and therefore is free to get by without detection)
• self-serving bias (overestimating one’s goodness and underestimating one’s failings)
• outcome bias (taking credit for outcomes that are attributable to external factors)
• secondary gains (benefitting from one’s deceptive maneuvers)
• reinforcers (acting that increases the chances that a behavior that precedes it will reoccur)
• transference (tending to assign unconsciously to others feelings and attitudes originally associated with significant others in one’s early life)
• countertransference (transferring the reaction of a professional to a client)

Other factors include pride, laziness, lack of ambition, abuse of power, irresponsibility, incompetence, lack of resources, and so forth. Factors that affect the person from the outside include:

• scripts (unreflective behavior in familiar situations)
• role ambiguity (unclear about some aspect of one’s role especially as it relates to organizational norms)
• role conflict (organizational expectations place conflict with each other)
• sociocultural factors (gender roles, power imbalances, norms, and so forth)
• the availability syndrome (ease of access to company’s resources)
• golden shackles (incentive to look the other way)

The idea here is that one ought to fix the “enemy within” in order to effectively respond to the “enemy outside.” In other words, fix the being and the act is fixed (agere sequitur esse—the act follows the being).

Essentially, the goal of the moral and professional life entails perfecting human nature as it is, characterized by its susceptibility or proneness to error, and by
pursuing *human nature as it ought to be.* Human nature is characterized by its natural inclination toward the acquisition of knowledge of truth, promoted by the intellectual virtues; and goodness, promoted by the moral virtues which harmoniously regulate one’s emotional life. This moral gap can be described as moving from *man as he happens to be* to *man as he could be if he realized his essential nature.* Such an approach links regulations with happiness, rather than simply training one in knowledge and application of them. At a more fundamental level, therefore, the underlying causes of the global financial crisis of 2008 reflect a metaphysical crisis that reduces the human person to an economic or material dimension, focuses on partial or technical solutions, and fails to embrace or address the spiritual needs for human flourishing or happiness.

One can view the notion of integrity as fundamentally comprising the harmonious relationship between the uses of reason (intellect and will) that ought to regulate the passions. This harmonious interaction among the powers of the intellect, will, and passions is an expression of the unity or integrity of a person. Rational decision-making can be viewed as an intellectual-volitional process that leads to human flourishing in which the discerning intellect penetrates to the truth and the upright will is drawn to the goodness it contains. A decision that is made by relying only on the faculty of the intellect *(pure rationalism)* is cold, farsighted (lacking compassion, understanding, and empathy), and fails to inspire. One that relies only on the will *(voluntarism)* is merciless because it is executed without principles or respect for the right of others; and a decision made without intellect and will *(pure emotionalism/sentimentalism)* is unreasonable and imprudent because it leaves a person vulnerable and at the mercy of the environment or of the shrewd persons (e.g., the narcissists) who often manipulate situations to their own personal agenda.

In order to be the master of one’s own act and to accept moral responsibility for the consequences of one’s decisions, one must cultivate the disposition needed for rational behavior (right memory and imagination, managing one’s passions, recognizing one’s strengths and limitations, and so forth). The imagination (and memory) can hinder the intellect and will. The will may have decided firmly for sobriety or chastity, but the imagination can conjure up the picture of a glass of beer or a man or woman, and the will finds its decision wavering or breaking. One can set upon a train of abstract thought for an hour and realize for the last fifty-nine minutes they have been watching pictures of their imaginations and memories flashing across within the mind. The imagination and memory, which ought to be directed by right reason, are sometimes described as “the mad persons of the house” diverting one from consideration of matters at hand and often ending up in sentimentalism. Exposing us to live in an “unreality,” recalls what
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ought to be forgotten, opens one to manipulation, promotes time-wasting when allowed to roam unhindered, tends to encourage one to focus on one’s talents and performance, promotes the tendency to seek consolation by revenge, entertains using sensual images, encourages negative judgments of others, and so forth.

The professional life is therefore grounded in right thinking, which involves strengthening the intellect; right choosing, which involves strengthening the will; right feelings, which involves ordering the passions; and right use of imagination and memory. Some practical strategies for *maturing the intellect* include: (1) avoiding harsh or negative criticisms, avoiding undue curiosity, avoiding hasty judgment, overcoming ignorance using the available means, and making an effort not to be overly preoccupied with one’s own concerns (e.g., excessive concerns about one’s health or financial situation, whether people think well of one or take one’s expertise or viewpoints sufficiently into account); (2) *training the will*: bearing difficulties well, being punctual, being courteous and polite to others, expressing gratitude, apologizing when one has offended someone else, working with intensity and with order, finishing in a timely manner a job that one has started, focusing on duties rather than on rights, helping or facilitating others to do their work in a professional manner, not speaking excessively about oneself and of what one has done or plans to do, not speaking ill of others, listening to others with real interest (even though the topic may not interest you or the speaker may be boring), obeying legitimate authority, getting up on time, and being punctual; and (3) *safeguarding the passions, memory, and imagination*: practicing sobriety; not reacting in kind to uncharitable remarks; guarding one’s sight by avoiding excessive familiarity especially with the opposite sex, by screening reading material and movies, by not complaining of the temperature or humidity, by exercising patience especially when things do not turn out in the way you expected, by not blaming but encouraging others, by promptly getting rid of useless thoughts; by focusing on the duty of the moment; and by dispelling regrets, mistakes, and wrongdoing.

To promote professional behavior and an ethical culture requires the frequent examination and formation of one’s conscience in order to identify one’s dominant defects (vices) and apply the appropriate virtues to remedy them in order to advance in self-knowledge. The state of organizations and society ultimately depends on the proper education of the consciences of the decision-makers. Vices such as virtues follow the *evaluative integration* or *consistency thesis*—the idea that they form a unity so that addressing the dominant defects also addresses other defects or promoting a particular virtue results in promoting other virtues. One can consider the following in examining and developing one’s conscience: learning from one’s experience (especially mistakes), seeking advice from...
someone who has consistently demonstrated good practical judgment (an effective characteristic of leadership can be seen in those who surround themselves with a certain moral and intellectual quality of executives who can challenge and strengthen the leader’s defects as opposed to those leaders who surround themselves with co-narcissists), emulating the behavior of moral exemplars, and avoiding morally dangerous situations and by seeking situations that are conducive to ethically desirable conduct. One can effectively avoid occasions of wrongdoing if one possesses the virtues of humility (which is the recognition of one’s limitations) and courage (which to immediately turn away from the temptation), thereby avoiding high-pressure decision situations as much as possible by encouraging decisions in situations where one can deliberate and reflect on personal/corporate values; scrutinize the concrete situation and actively engage in moral reflection and imagination; wanting approval or praise; and identifying fears, idle curiosity, and discouragement resulting from failure or difficulties, sensual consolation, excessive familiarity, and so forth. Future research ought to focus on how virtues can be formed and put into practice.

Conclusion

The causes of failures of the global financial crisis of 2008 can be applied at three different levels: (1) rotten apple (when the individual succumbs to the temptations inherent in the workplace), (2) rotten barrel (when the work environment and organizational culture provide opportunities for deviant behavior), and (3) rotten core (when there is the ethicality of the socioeconomic-political or ideological system of governance). Proposed solutions generally address the rotten barrel and rotten core elements, but what is striking is that the proposed solutions associated with the rotten apple argument has been largely ignored or overlooked. This article therefore makes a case for professional ethics to address this shortcoming. In particular, it advocates an Aristotelian-Thomistic approach that incorporates a moral, psychological dimension in addressing individual governance based on the assumption that people have the innate ability to maintain a belief while acting contrary to it. Traditional approaches to teaching professional ethics have not proved effective in unethical practices because they lack an understanding of the behavioral dimensions (both affective and cognitive). The Aristotelian-Thomistic approach incorporates both moral principles and virtues that deal with the factors that influence and determine unethical behavior and that promotes ways of living integrity.
Notes


8. Applied ethics has also been used to analyze the preconditions for virtuous organizations: (1) the presence of virtuous agents (professional ethics), (2) the mode of institutionalization which distributes both decision-making authority and decision criteria within institutions (business/organizational ethics), and (3) the extent to which the environment in which the organization is set (social ethics). See G. Moore, “Virtue in Business: Alliance Boots and an Empirical Exploration of MacIntyre’s Conceptual Framework,” Organization Studies 33, no. 3 (2012): 363–87. It can also be used for analyzing the causes of diseases in epidemiology and is referred to as the Epidemiologic Triad Model: host (professional ethics as it relates to the rotten apple or person), agent (business/organizational ethics as it relates to the rotten barrel or organization), and environment (social ethics as it relates to the rotten core or ideological system).


27. M. Bazerman and A. Tenbrunsel, Blind Spots: Why We Fail to Do What’s Right and What to Do About It (Princeton, NJ: Princeton University Press, 2012); Ernst & Young, “Going Beyond: A Place for Integrity”; J. Thomas, “Corporate Integrity at a Crossroads.”


44. Sheed, *Theology and Sanity*, 38.