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Journal of Economics and Business
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Ethics and Profit in Modern Capitalist Firms: A Conceptual Analysis of Diverse Conceptions of 'the Good'

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Abstract

Through a critical synthesis of literature from economics, business ethics, and moral philosophy, the paper develops a virtue-ethics-based framework that explains how responsible behaviour can emerge through organisational actors, decisions, and practices. It argues that while profit enables firms to pursue broader social purposes, profit itself is often abstracted from ethical ends such as wellbeing, sustainability and good governance, concerns that are increasingly reflected in environmental, social and governance (ESG) frameworks. The paper distinguishes between *value-as-quantity*, represented by economic outcomes such as profit, and *value-as-quality*, associated with ethical worth and moral responsibility. It argues that existing approaches to business ethics, including consequentialist interpretations, frequently evaluate ethical conduct according to the outcomes it produces, thereby risking the treatment of ethics as a means to commercial objectives. In contrast, the paper proposes a virtue ethics framework for business practice that distinguishes ethical agency from ethical outcomes and recognises moral character as an intrinsic dimension of responsible organisational behaviour. This provides a philosophically grounded approach to understanding how firms can integrate ethical considerations beyond the pursuit of financial performance.

JEL Classification: A12, A13, B00, D20, L00, M14, P00, Z13
Keywords: Firms, Profit, Business Ethics, Utilitarianism, Non-consequentialism.

1. Introduction

Economists and other social scientists are increasingly preoccupied with whether, and to what extent, capitalism[1], as the globally dominant economic system, is compatible with a sustainable future (e.g., Beck & Ferasso, 2023; Crouch, 2012; Feola, 2020; Hellwig, 2021; Jones, 2023; Liodakis, 2010; Spash, 2022). Capitalist societies have enjoyed high levels of economic

[1] For a brief definition, see Jahan and Mahmud (2015, p. 2) and for differences between 'laissez-faire' and bounded capitalism, see Carayannis et al. (2003, p. 118).

growth, technological progress, and improvements in various economic sectors (e.g., health, education), thus increasing their citizens' welfare and happiness (for various statistics and illustrations, see Todaro & Smith, 2020). Nevertheless, this upward economic trajectory, which extends from the time of the industrial revolution through to today (Allen, 2009; Frey, 2020), has been punctuated by significant fluctuations, structural changes, and economic and financial crises. In particular, the 1929 Wall Street crash, the oil price crises of the 1970s, and the global financial crisis of 2007/8 all led to high rates of unemployment, income losses, and a reduction in opportunities for many (e.g., Blanchard & Galí, 2007; Mankiw, 2022; Sümer, 2023). Hellwig (2021, p. 666), for example, notes that '*despite the ongoing successes of capitalist development, we see a lot of discontent in continental Europe, the United Kingdom, and the United States. Underlying this discontent is a sense of unfairness.*' However, this paper is less concerned with economic fluctuations than with whether continued economic expansion is compatible with a sustainable future. This raises questions about both the sustainability of capitalism and the ethical foundations of firms operating within it.

Supporters of free-market economics may presume that achieving long-term growth and prosperity requires a degree of tolerance for capitalism's unsavoury by-products, such as recurring job losses, gross inequalities, so-called 'Enshittification' (Doctorow, 2025), and the regeneration of poverty (Macintyre, 2016). But the economic indicators are striking and alarming. Concerns regarding income and health inequalities between and within countries have become increasingly prominent, particularly in relation to external shocks such as war, regional conflict and climate change (e.g., Cingano, 2014; OECD, 2019; Oxfam, 2022; UN, 2020), as well as short-term policy interventions that may generate wider distributional effects, such as the Trump tariffs in the USA (Saridakis et al., 2025). Similarly, ecological indicators, including ecological footprint measures and OECD sustainability indicators, point to continuing challenges associated with environmental pressures (e.g., OECD, 2021a; Todaro & Smith, 2020). These developments do not in themselves determine the ethical responsibilities of firms, but they contribute to wider debates about the principles and objectives that shape economic activity and its social and environmental consequences. In our times market-oriented digitalisation including Artificial Intelligence (AI) introduce new opportunities for innovation and value creation while also openly challenging the limitations of human agency together with issues such as data governance, inequality and accountability. Despite the societal challenges implied by the free market doctrine, the legitimisation of capitalism is so deeply rooted into the fabric of the society that, as Jameson (2009, p. 76) suggests, '*it is easier to imagine the end of the world than to imagine the end of capitalism. We can now revise that and witness the attempt to imagine capitalism by way of imagining the end of the world.*'

The foregoing highlights a more fundamental conceptual problem concerning the relationship between capitalism and business ethics. We argue that the ethical tensions associated with capitalist systems cannot be understood solely in terms of their economic or social consequences. Yet the targets and measures of organisations are grounded conceptually in outcomes. Put simply, in order to do good, a business must maintain growth, in competition with other, growing businesses (businesses that do not grow do not compete). Such a conceptual problem cannot be solved using the very ideas (i.e. concepts) that give rise to it. Specifically, the close association between capitalism and profit maximisation (that has encouraged a predominantly consequentialist understanding of business ethics) means that ethical value is typically judged according to the outcomes it produces. The discussion that follows examines how this assumption is reflected in contemporary debates on business responsibility before considering whether virtue ethics provides a more compelling alterative (one grounded in concepts of ethical agency and moral character). The contribution of this paper is therefore to develop a virtue-ethics-based account of business responsibility that

challenges existing approaches such as CSR, stakeholder capitalism and conscious capitalism. This challenge need not threaten these approaches altogether, which have expanded the social responsibilities attributed to firms.[2] Rather, the claim is that the long-term sustainability of a capitalist system calls for an ethics first approach, rather than approaches that involve ethics after-the-fact. Accordingly, this paper argues instead that ethical value should also be understood as an intrinsic characteristic of responsible business agency, expressed through the judgement and practices of organisational actors.

As discussed in Mitra and Bui (2024), the prominence of ESG began in the early 2000s, experiencing significant growth over the last two decades. Its origins lie in the earlier principles of CSR and socially responsible investing (SRI) from the 1960s and 1970s. These initial ideas emphasised steering clear of investments in sectors with harmful social consequences (Eccles et al., 2014). ESG's prominence was preceded by the emphatic growth of social enterprises. Growing disillusionment with market forces and both market and system failures led to the emergence of alternative ways of managing scarce resources dedicated to generating social gain and the improvement of the social fabric of local communities, through the formation of social enterprises and their diverse legal constitutions such as those of Community Interest Companies or CICs (Social Enterprise UK, 2017). ESG may not be part of the vaunted relationship between capitalism and democracy. All countries in the world have contributed to its emergence with China being one of its keen proponents while the USA has dragged its heels over the past decade. Their development illustrates that concerns about the social purpose of business extend beyond environmental and governance issues and raise broader questions about the relationship between profit, ethics and the role of business in society.

Commentators have even suggested that social enterprise activity is more common in efficiency- or innovation-driven economies (Bosma and Levie, 2009) suggesting that capitalism has its peculiar mechanisms compensating for the excesses of failures of market forces and traditional businesses. These developments do not necessarily question whether the relationship between capitalism and ethics is linear and also if democracy is a necessary condition for ethical capitalism? Given that capitalism, as an economic system, is fundamentally driven by the pursuit of profit it would not be an overstatement to suggest that profit maximization is a central tenet of capitalism that incentivizes individuals and organisations to generate wealth and economic growth *for its own sake*. Yet, while profit is an unavoidable objective in capitalism, we cannot uncritically accept profit as an end in itself.

In philosophical terms, profits may be a *necessary* condition for doing business; but they are not a *sufficient* condition. Such a view might be expressed as follows: '*We can only do good, if the business is doing well.*' The phenomenon of social enterprises does not exactly impugn the essential objectives of business enterprises. They tend to have more in common with the latter than with charities and voluntary organisations, with the nature of their operations often replicating business type functions. Various Global Entrepreneurship Monitor reports suggest that social enterprises that emulate the business objectives of their commercial counterparts benefit from easier access to financial resources, a well-developed pool of skills, and even the heightened likelihood of realising their social goals (Mitra, 2020). This recognises the

[2] The contemporary debate on capitalism, growth and prosperity is increasingly shaped by concerns about environmental sustainability and the broader environmental, social and governance (ESG) responsibilities expected of modern corporations. ESG, together with related developments such as corporate social responsibility (CSR), represents an important institutional response to concerns about the social and environmental consequences of market activity. These developments are relevant to this paper because they illustrate the continuing tension between economic value and ethical value. While firms increasingly pursue social and environmental objectives, these objectives are frequently assessed against their contribution to long-term organisational success, including reputation, risk reduction and financial performance. This creates an important philosophical question regarding whether ethical commitments possess value independently of their consequences or whether their value is justified primarily by their contribution to organisational objectives.

importance of profit maximisation whilst simultaneously acknowledging its potential conflict with broader social and ethical objectives. Profit-seeking entities are not exempt from their ethical responsibilities concerning *inter alia,* sustainability, wellbeing fairness and cultural capital. The problem, however, is that these ethical concerns remain an after-thought. This highlights the unresolved tension between the pursuit of profit maximisation and the recognition that business activity remains subject to broader social and ethical obligations.[3] It also raises a broader question concerning the ethical foundations of business. Although developments such as ESG and social enterprise seek to reconcile commercial success with wider social objectives, they continue to place considerable emphasis on the outcomes of ethical conduct. Whether ethical action derives its value from these outcomes, or from the character and intentions of those who act, remains an important philosophical question.

The foregoing understanding of values is augmented by a consideration of the purpose and scope of social enterprises. Unlike the purely individual or corporate logic of business organisations, social enterprises focus on localism and bottom-up solutions to market problems, institutional failures and the social benefits of communities. They remove the agency of the individual entrepreneur or the corporate enterprise from any discussion of ethics and concentrate instead on social networks and networking reflecting a cooperative or communitarian tradition that underpins their engagement in third-sector activities (Clotfelter, 1992; Evers & Laville. 2004; Mitra, 2020). Instead of business-oriented innovation centred round new products and services for the market, they are considered as architects of social innovation when they deliver public goods and services in different ways than the public sector (Mulgan, et al., 2007). They are independent of both the public and private sectors attempting to obviate for the institutional deficits in both that result in market failures (Nicholls, 2008). We find, therefore, a mix of a related and nuanced set of logics which does not quite impugn the business objective of profit maximisation but smoothens its rough edges through a consideration of both businesses having a broader set of ethical values which obtain enhanced substantiation in the form of social enterprises.

One such special case concerns sustainability. Indeed, sustainability serves as a relevant intersection between both sets of values insofar as it speaks to economic and social concerns about sustainability. From an economic and accounting perspective, when the calculation of profits does not account for external costs, they are not sustainable (e.g., Borghesi & Vercelli, 2008; Cebula et al., 2008; Crouch, 2012; Ockenfels et al., 2020). Equally, profit maximisation has long-term implications for environmental sustainability. Although several definitions have been provided in the literature, economic sustainability generally refers to the ability of a business to remain profitable while operating in a manner that is both environmentally and socially responsible (see also Jan et al., 2019).

Despite this intersection, sustainability serves only to highlight the tensions inherent in business ethics. It is rare that a decision relating to one set of values can be made independently of the other (Hart & Zingales, 2017). In particular, there are two competing forces. The first pushes a contemporary firm towards self-interested behaviour and profit maximisation as a means of survival and growth. The second calls for the business to engage with society with the aim of promoting social interests and benevolence either directly or indirectly through social enterprises. In the context of economic sustainability, these competing tensions are essential to business practice, and attempts to resolve them must be practical rather than theoretical.

[3] Kaptein (2024) by drawing on corporate social contract theory, posits that companies are not required to limit their profits by imposing profit caps as long as they satisfy the following three criteria: (1) the company respects the principles of fair contracting in its interactions with stakeholders, (2) the company's specific social contract does not mandate profit limits or explicitly allows for unrestricted profits, and (3) no overarching hypernorm imposes such an obligation. He goes on to argue that if any of these conditions is not wholly or partially met, then companies are morally obligated to limit their profits.

Friedman (1970, p. 2) suggests that the responsibility for resolving these forces lies with the members of the executive team who, as agents of the business owners (principals), '*conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom.*' The latter therefore assumes that the business owner will act ethically but that this depends on normative principles, i.e. the 'basic rules of society' or the rules of the game (North, 1971; Baumol, 1996). For example, firms can be driven to act ethically or unethically by the expectations of customers, suppliers, or owners, or by a combination of all of these. Similarly, firms can generate productive, unproductive and destructive outcomes using the same set of institutions when engaged in entrepreneurial actions (Baumol, 1996). As we have argued above, the Friedmanite view is tempered when we include social enterprises in the discussion.

A consideration of ethics in economics or business raises questions about the status quo and their benefit from it alongside others whose enquiry or thought processes about the world tend to defend that status quo for reasons of economic efficiency. Often the 'wait and see' approach is adopted to defend, for example, arguments and action against climate change because of the apparent difficulty in predicting imponderable side effects in the future. No less an authority than the Nobel Laureate, Thomas Schelling pointed to the constraint of predicting how climate change may affect the world 75 years from now while acknowledging the harm it might bring (Bremen, 2022). When economic and social scientists cast doubt on 'big' ethical and social issues for reasons of economic efficiency, it makes it easier for both business and governments to dismiss the social value concerns of ordinary citizens.

The central conceptual issue underlying the tension between profit and ethics concerns different understandings of value. In business, value is most commonly defined by profits, in that the pursuit of profit or market *value maximisation* is a necessary goal for all businesses. This is what it means for a business to be doing well, i.e. for it to achieve higher returns on investment over time. Such an understanding of value is primarily quantitative, as it is expressed through measurable outcomes such as profitability, growth and market performance. In contrast, the ethical or moral value of a business may speak to a broader set of ethical values that have social ends, such as a clean and healthy living environment, a fair and well-organised society, wellbeing at work and beyond, and a happy population (e.g., Caloia, 2003; Kelts, 2022). Or else, a business might be considered ethical depending on how it acts as a moral agent; whether through its employees or as a corporate person in its own right (Scruton & Finnis, 1989; Blair, 2013). Ethical value is therefore qualitative in nature, reflecting judgements about the character, intentions and social consequences of business activity rather than a single measurable outcome. The distinction between *value-as-quantity* and *value-as-quality* does not imply that economic and ethical values are necessarily incompatible. Indeed, businesses may generate financial value while simultaneously contributing to broader social objectives. However, tensions arise when the pursuit of measurable financial outcomes conflicts with ethical considerations that cannot easily be reduced to monetary terms. Most importantly, the profitability of a company is a positive financial value, whilst ethical value concerns the extent to which business activity aligns with broader moral principles. A business does not become more ethical merely by doing less harm; at best, it becomes less unethical. Ethical value may be considered positive where it derives from supererogatory acts, i.e. doing good rather than merely avoiding harm. However, ethical value is likely to be more variegated than this distinction between avoiding harm and doing good suggests.

Recent debates on the political construction of economies and societies have also focused on the relationship between democracy and ethical capitalism, as well as the apparent appropriation of capitalist modes of production and profit-making by illiberal economies.

These debates reflect wider concerns about the ethical principles that govern economic activity and the extent to which market-based systems can accommodate broader social objectives. In the realm of moral philosophy, consequentialist moral theory provides a framework for evaluating the morality of actions in terms familiar to those in business, i.e. quantitatively (Gustafson, 2008). Its appeal within business contexts lies partly in its emphasis on outcomes that are measurable, allowing ethical considerations to be assessed alongside more familiar measures of performance and value. Whilst the benefits associated with ethical action are not identical to those associated with profit maximisation, both can be assessed through their observable consequences. This is understandable: businesses are predisposed to viewing value in terms of 'profit and loss'. Viewed this way, a consequentialist approach incentivises businesses and individuals to consider the long-term impacts of profit, balance the interests of stakeholders, and strive to maximize overall happiness or utility (DesJardin, 2013: 35). By conscientiously assessing and mitigating negative consequences, profit-seeking activities can align with ethical considerations and contribute to a more sustainable and just society.

In doing so, however, the risk associated with acting unethically is that one will be *seen* to do so by stakeholders, which in turn might lead to a decrease in profits. Conformity with normative principles and/or hiding non-conformity, can therefore become the consequentialist's *modus operandi*. More problematically, it is not clear what we are maximising when we promote 'overall happiness'; or how this can be quantified[4]. Whilst it is beyond the scope of this essay to re-tread old arguments against the measurability of ethical goods such as happiness (Weimann et. al. 2015), it suffices to note that, unlike profits, ethical value has no single and unequivocal currency. This is of critical importance because, as noted above, the appeal of consequentialism is most likely its perceived measurability.

This firm-centric, consequence-driven view of ethics is increasingly challenged by calls for a more systemic perspective. Alexiou (2026a) identifies a key limitation of traditional business ethics regarding its treatment of macroeconomic and political-economic dynamics as external rather than as domains of corporate responsibility. Through a moral economy framework, he introduces the concept of *systemic responsibility*, arguing that corporations are not merely participants in existing systems but co-creators of the political-economic structures that shape outcomes such as financial instability, inequality, and ecological degradation. This shifts the focus of ethical analysis from individual firms to the broader systems they collectively influence. Building on this, Alexiou (2026b) further develops the concept of *differentiated systemic responsibility*, arguing that ethical obligations should reflect actors' varying power, positionality, and capacity to shape systemic outcomes. This framework extends business ethics beyond firm-level analysis to encompass collective and intermediary actors.

This is why a new conceptual analysis of how firms should understand ethical responsibility within capitalist systems is called for. The pursuit of profit maximisation has contributed to the dominance of consequentialist approaches to business ethics, whereby ethical conduct is frequently evaluated according to the outcomes it produces. While developments such as CSR, ESG and social enterprise have expanded the responsibilities associated with business activity, they do not necessarily resolve the deeper philosophical tension between economic objectives and ethical obligations. This paper therefore examines the limitations of an outcome-based understanding of business ethics and argues that virtue ethics, as a non-consequentialist ethical theory (Gustafson, 2008), provides an important basis for distinguishing ethical agency from

[4] According to Juarez-Garcia (2024) in divided societies, the responsibility of businesses involves reducing the likelihood of social unrest. By coining the term the *doux commerce* imperative he argues that businesses could combine ethical discourse with widespread marketing efforts to craft neutral moral messages so as to identify areas of moral agreement across conflicting viewpoints, and hence easing societal divisions.

ethical outcomes and for understanding business responsibility beyond the pursuit of economic value alone.

The rest of the paper is structured as follows. Section 2 considers the concepts of business ethics and CSR, together with the organisational form of social enterprises, as important developments in the broader debate about the purpose of business. Section 3 examines consequentialist ethics, particularly utilitarianism, and considers its implications for business decision-making. Section 4 explores business ethics and capitalism in practice, including the role of ESG factors in corporate strategies and investment decisions. Section 5 develops the virtue ethics framework proposed in this paper and examines its implications for contemporary business practice, including ESG and digital capitalism. The final section concludes the paper.

2. Distinguishing Business Ethics from CSR and Alternative Organisational Models

2.1. The CSR question

Before discussing the interplay between business ethics and profit, it is important to distinguish business ethics from CSR (see also Bartel, 2022). Crane and Matten (2019, p.5) define business ethics as '*the study of business situations, activities, and decisions where issues of right and wrong are addressed*'. Spinello (2020) holds that the three key responsibilities that an ethical business must meet are related to the creation of value and wealth (e.g., by allocating resources efficiently, supporting social welfare), compliance with law and regulations (e.g., by refraining from unfair competitive practices and tax evasion), and the observance of standards of conduct (e.g., by endorsing transparency and healthy competition). As such, business ethics differ from CSR, the prominent features of which are the analysis of corporations, a social focus, and responsibility expressed in terms of avoiding harming others and the expectation of engagement in philanthropic activities; in this connection, we draw heavily upon the work of Hicks (2013).[5] But the differences between business ethics and CSR go beyond mere characteristics, being to do with the relationship between a business and its ethical practices.

Hicks (2013) examines the positive and intrinsic connection between entrepreneurial actions and ethics. He argues that the values and virtues inherent in entrepreneurial activity provide the foundation for an ethical framework; the assumption is that successful business practices have the potential to be grounded on an ethical foundation. Hence, Hicks does not perceive ethics as imposed, normatively, from the outside. Rather, an ethical firm should set as priorities the important organisational functions that enable *'individuals to be or become creative producers and traders'* (Hicks, 2013, p. 8). His analysis compares the entrepreneurial approach to business ethics with the approach taken by the CSR model, highlighting some important differences. For example, the entrepreneurial approach to business ethics emphasises the individual nature of business related to production and value creation. Here, business ethics do not revolve around corporations, society, or philanthropy (as in CSR); instead, they derive from morally responsible individuals who engage in mutually beneficial trade. The focus can later shift to the more intricate social structures that are created within the business world (see Hicks, 2013). To this end, one can consider the shareholder versus the stakeholder view (e.g., Adams et al., 2011). The former emphasizes financial returns while still upholding ethical values, whereas the latter tends to integrate social and environmental values more comprehensively into business practices.

This distinction reflects two conceptions of value within business activity that depend, to some extent, on perspective. The shareholder perspective prioritises *value-as-quantity*, expressed

[5] See also Donaldson and Fafaliou (2003) and Fischer (2004) for interesting discussions.

through outcomes such as profitability and growth, whereas the stakeholder perspective incorporates elements of *value-as-quality* by recognising broader social and ethical considerations.

2.2. Business ethics and the socially driven organisational alternative of social enterprises

We argue that business ethics is deeply embedded in social enterprises since both concepts prioritise values beyond profit (e.g., Mair & Marti, 2006; Doherty et al., 2014). Their foundations lie in the core ethical principles of accountability, fairness, sustainability and transparency, and they aim to mitigate if not solve social, environmental, or community problems addressing market failures but through market-based approaches. In turn this centrality of social impact and the transparent ethical orientation is believed to influence decision-making processes, resource allocation and stakeholder (as opposed to shareholder) engagement, leading to potentially more inclusive and equitable practices than their business counterparts. An ensuing culture of ethical leadership can build trust with customers and communities, foster ethical behaviour among employees and promote sustainability over the longer-term (e.g., Caldeira & Infante-Moro, 2024). They are sometimes regarded to act as models for ethical business practice, influencing traditional business firms to adopt more responsible practices such as CSR, ESG initiatives and impact investing. They can be perceived to be hybrid models for economic and social activity in the market. This hybridity illustrates the coexistence of *value-as-quantity* and *value-as-quality* within organisational practice, as social enterprises seek to combine financial sustainability with broader social objectives.

Bull and Ridley-Duff (2019), however, challenge the view of social enterprises as hybrids of ethical mission and market. They suggest a more nuanced ethical framework that considers the moral and political choices entrepreneurs make when forming social enterprises. We can find an interrelationship between the philosophies of Communitarianism (community-focused values), pragmatism (practical ethics) and utilitarianism (maximizing outcomes) and the three distinct rationalities – formal rationality (rules and procedures), social rationality (relationships and community), substantive rationality (values and outcomes) that underpin the ethical commitments of social entrepreneurs and the social enterprise model. These commitments are a function of their entrepreneurial actions. Bull and Ridley-Duff provide a more ethically grounded approach to social enterprises as opposed to a hybrid functionality differentiates social enterprises.

The ethical differentiation does not preclude a range of ethical dilemmas faced by these enterprises including balancing financial viability with social goals a major reason for organisational drift (from an emphasis on social objectives to an acceptance of business priorities), ensuring transparency in how they report the impact they make on society, and navigating partnerships with businesses, public agencies and even less ethical organisations. These deficiencies relate less to the management of the organisations and more to the fundamental assumption that social enterprises are inherently ethical. Chell et al. (2016) called for problematising this assumption, emphasising the need for diverse conceptual and methodological approaches to achieve a more mature understanding of the philosophical, theoretical, and practical significance of ethics in social entrepreneurship and its institutional foundations. Delving deeper into institutional theory, Li and Bosma (2024) have argued that ethics is neither adumbrated clearly nor sufficiently integrated in the conversations about social enterprises. Part of the problem may lie in the organisational construct of social enterprise in that they are seen as businesses run for a social purpose. By identifying or labelling them as distinctive organisations with a built-in ethical code of conduct and vision, we run the risk of not addressing the ethical gaps in the discussions about them especially when we see them as alternatives to traditional businesses using the same lenses of organisational theories instead of

stretching our efforts to locate their antecedents and developments using social movement theory, or socio-psychological studies of emotions in disparate contexts. In this sense we could examine these enterprises not in terms of intricate social structures made within the business world as Hicks (2013) sees it but rather as the mutation of social structures enabled by these organisation imperatives. In other words, understanding the capacity of social enterprises to facilitate institutional and societal change because of their complexity and hybridity in specific institutional contexts, can engender a different and perhaps less consequentialist approach to the role of different forms of enterprises in capitalist economies.

3. The Use of Utilitarianism in Business Ethics

A consequentialist approach is commonly used in business decision making. It can be argued that Hesiod's seminal book, *Works and Days,* published around 700 BC, created the foundation for how the ethical issues involved in pursuing profits (e.g., the ends-means dilemma) are discussed within the economics literature (Gordon, 1975). Adam Smith influenced economic thought and theory for more than two centuries through his 1776 work (Smith, 1776). Smith (1776, p. 18) captured this selfish behaviour in the marketplace by arguing that: '*It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest.*'.[6]

In his subsequent work, Smith (1790) contended that in the pursuit of industry, virtuous actions can be motivated by self-love (a similar notion to Pareto optimality) but that the benevolent principle should not be overlooked. Contrary to the common assumption, Smith did not hold the view that individuals are entirely lacking in unselfishness; instead, he maintained that self-centred inclinations are counterbalanced by concern for others. Smith claimed that a wise and virtuous person is always ready to put the public interest of their particular society or order ahead of their own private interests. This suggests that although humans possess a natural selfishness, self-interest does not exclusively or even primarily dictate their choices. But while Smith believed that the most effective way for capitalism to achieve its goals is for individuals to balance their economic self-interests against ethical considerations, he did not provide a clear explanation of how these apparently conflicting interests may be handled in a way that is practical and relevant to the contemporary organisational environment. This conflict is neatly expressed in the Tragedy of the Commons, where the rational actions of individuals lead to a socially suboptimal outcome (e.g., Bezin, & Ponthière, 2019; Ostrom, 2000).

Building on earlier hedonism theories (see Moen, 2015 for a review), Bentham (1789, p. 11) has suggested that: '*Nature has placed mankind under the governance of two sovereign masters, pain and pleasure. It is for them alone to point out what we ought to do, as well as to determine what we shall do.*' In his framework, pain and pleasure are the single components of 'utility', while the 'greatest happiness of the greatest number' principle can be used as an ethical theory to assess whether an action is to be perceived as right or wrong (see also Burns, 2005). In this sense, Benthamite utilitarianism can be also viewed as a teleological or consequentialist theory (into which category, egoism also falls, despite it being less of a moral theory at social level: Nobbs, 2013). Mill (1859) sought to improve utilitarian theory by distinguishing between 'higher' and 'lower' pleasures. Although this introduces a qualitative dimension into the assessment of utility, the ultimate objective remains the maximisation of an outcome, namely social welfare or general utility (Riley, 2018). Claims that some activities are 'higher' than others are not free of controversy.[7] This illustrates an important distinction

[6] In the same spirit, two centuries later, Friedman (1976 p. 11) argued that '*... every individual serves his ... The great Saints of history have grubbing miserable served his interest. private The private interest is whatever it is that drives an individual.*'

[7] Mill's own claim that someone who understands both poetry and pushpin will value the former more, was challenged by his peers.

between evaluating value through measurable consequences and considering value as an ethical quality in itself.

In the context of the theory of the firm, however, a business maximises profits. For instance, Ng (1974) has demonstrated that for a business owner-manager, utility maximisation leads to profit maximisation. This effectively ties profits and utility together. Nevertheless, there are different approaches for determining the nature of profit. For Smith (1776), profit is regarded as remuneration of capital (see Hirsch, 2021). For Knight (1921) and Kirzner (1973), profits are tied to the opportunity and uncertainty associated with entrepreneurial activity. In a dynamic market economy, there are imperfections in which profits can arise (see Begg & Ward, 2013). Schumpeter (1911), another important entrepreneurial theorist, believed that innovation is the source of disruptive economic change, and that the entrepreneur is an innovator who earns profits from introducing an innovation into the production process (Blaug, 1987). The entrepreneur starting or running a social enterprise is not delinked from the idea of economic change.

Both business and social entrepreneurs are motivated by a variety of drivers (e.g., profit, social benefit, mission etc.). Some authors, such as Mackey and Sisodia (2014), depart from the profit-maximisation approach to reinforce the concept of conscious capitalism. They argue that business owners act as socially conscious individuals who do not go into business because they are driven by profits. Instead, their drivers are aims such as augmenting technological progress, improving health outcomes, generating new jobs, reducing carbon dioxide, narrowing discrimination, or creating value for the shareholders. They do not, however, differentiate between social and business entrepreneurs. This approach views profit as a means of achieving those ends rather than as an end in itself from a social standpoint. However, conscious capitalism differs from the framework proposed here because it continues to evaluate ethical business practices primarily through their capacity to generate desirable outcomes, whereas the virtue ethics approach developed in this paper treats ethical agency as valuable in itself. In this respect, it attempts to reconcile *value-as-quantity* with *value-as-quality* by treating financial performance as a mechanism through which broader social objectives can be achieved. Indeed, the drive to achieve the ends supplants the use of profit as a justification for generating higher revenues. It can be argued (and has been empirically demonstrated) that prioritising economic sustainability and business ethics can ultimately increase the profitability and long-term success of a firm.

For example, it has been found that prioritising business ethics and sustainability can enhance a company's financial performance, reputation and brand value, employee productivity and loyalty, and the pool of ethically-aware consumers, which ultimately leads to increased profitability (e.g., Crane et al., 2019; Eccles & Serafeim, 2013; Paine, 2000; Trudel & Cotte, 2008; Upadhyay & Singh, 2010). That being said, the model proposed by Mackey and Sisodia (2014) fits with the CSR framework with the theoretical notion of the social enterprise, rather than with entrepreneurial business ethics in which individuality, value creation, and production are prioritised. Indeed, the problem with correlating sustainability and performance is that the correlation is determined by past performance. Again, this is understandable: all data is 'backwards-looking'. Yet this excludes any measure of what might have been achieved had the businesses sought, not to conform to legal and ethical standards, but to promote actively a set of values. Moreover, any correlation serves only to beg the question and does nothing to resolve the tension between the competing value sets. That is, whether or not a business is doing well is incidental to whether or not it is doing good.

Many of these underpinning concerns are interrelated and these interrelationships have come alive in today's striking concerns about environmental issues and climate change affecting all

walks of life and critically, the way we do business. Tackling carbon emissions, climate change, and their associated economic and social impacts have become a critical focus in boardrooms and among governmental and non-governmental organisations working collaboratively (see Mitra & Bui, 2024). The urgent agenda for capitalism's survival depends on recognising the scale of these challenges and the need for transformation. It has also paradoxically called into question the extent to which social enterprises can address these issues given their localised ambit. The resulting blurring of boundaries between business and social enterprises makes it possible, however, to examine broadly how business ethics operates in capitalism. For the rest of the paper, we assume the organisation and procedural principles for both business and social enterprises to be the same even if the motives may vary. We consider this need via an examination of business ethics and capitalism in action.

4. Business Ethics and Entrepreneurial Capitalism in Action

The notion of the capitalist spirit has been highly debated in the study of sociology since its introduction by Sombart (1902) and its expansion by Weber (1930). Weber (1930) views it as a unique ethical code (an ethos of duty) rather than as business acumen or a cognitive attitude. Hence, he considers that violations of the spirit of capitalism amount to a breach of duty. However, his explanation of the capitalist spirit is relevant only to its origins and development. Indeed, according to Weber (1930), the capitalist spirit loses its significance once it has fulfilled its purpose.

Weber's idea that people require compelling moral reasons to embrace capitalism was discussed and developed further by Boltanski and Chiapello (2007). Their definition of capitalist spirit is as an ideology that rationalises participation in capitalism (for an excellent discussion, see Land & Taylor, 2014). To mobilise people and fend off criticism, capitalism must rely on external resources, such as the beliefs that prevail at a particular moment in time. For example, the free market capitalism of neoclassical economics rejects, to a large extent, the idea that firms are obliged to behave ethically. A reflection of this position can be traced in a statement by Friedman in his book *Capitalism and Freedom* (see also Simons, 1932), who argued that the firms should pursue profits only, and that society should '*leave the ethical problem to the individual to wrestle with*' (Friedman, 1962: p.12). Of course, beliefs are not static but rather follow both a contextual and a dynamic process; thus, today's beliefs are unlikely to be the same as the beliefs that held when Simons and Friedman were writing. This argument does not deny that directors operate within fiduciary obligations to shareholders. Rather, it argues that these legal obligations should be complemented by broader ethical responsibilities grounded in the virtues and practical judgement of organisational actors.

The concept of 'business ethics' is closely associated with the determination of an appropriate course of action when pursuing business objectives (see Spinello, 2020). As suggested by Machan (2013), in the domain of business ethics and firms, there are two elements: *'(1) the right to private property and (2) the moral virtue of prudence'* (p. 1208). Assuming a free marketplace, business owners (including those running social enterprises), as self-governing agents, can use their own judgement to engage in commercial and business ventures of varying degrees of complexity. However, their judgement can be restricted when they infringe on the rights of others or when the expectations of stakeholders (e.g., customers, suppliers, competitors) place restrictions on their business decisions.

That being said, differentiating good from bad and right from wrong is rarely easy. Famously, Plato asserted that '*No one does evil willingly*'. His point being: that no-one chooses to do what they consider to be the wrong thing. As a consequence, one can only do the right thing knowing what that is. The answer is hardly ever clear-cut and the knowledge that feeds into it is perpetually informed. More recently, Mackie (1977) argued compellingly that ethical concepts

are not mysterious but altogether familiar. Normally we know with certainty whether or not an action is moral or not without consulting either a philosopher or a scientist ('You *must* not do that'). Mackie's claim formed part of his wider 'error theory': that *all* moral statements are objectively false, i.e. *both* 'murder is permissible' and 'murder is impermissible' are false statements. Put simply, Mackie argues that, if moral statements depend on mysterious truths, then we cannot know *now* what is ethical. Equally, if their truth depends on empirical facts, then we would require further research. By showing moral statements to be objectively false, Mackie establishes that agreement and disagreement on ethical matters is mutable and (intersubjectively) familiar rather than immutable and (metaphysically/physically) mysterious.

These issues pose a real challenge for making judgemental decisions and adopting a moral standpoint (Popper, 1966). One may argue that in the realms of science and medicine (e.g., the development of vaccines or new treatments) ethical considerations are addressed in the context of pursuing the scientific goal. This is usually informed by (an often nascent but growing) scientific consensus. Business ethics, however, faces a different challenge due to the competitive nature of business. When faced with an ethical dilemma, it is natural to think, '*If I decline the offer, someone else will take it on who might be even less scrupulous*'. This means that businesses and employees are frequently choosing to opt for the least wrong thing; as opposed to the right thing. Hence, business ethics is considered to be, if not oxymoronic, then compromising, or even compromised (see Weiss, 2021). In this context, business ethics is an integral part of the market where businesses operate.

As discussed in Capaldi (2013) the key characteristics of a free-market economy are private property, no centralised allocation of resources, and prices determined by the law of supply and demand (for a detailed discussion see also Harvey, 1991). Capaldi argues that *'the norms of a market economy are either primary or at least consistent and coherent with the norms of other institutions (government, law, family, religion, etc.)'* (Capaldi, 2013, p. 1223). His analysis points out that being pro-market does not necessarily imply blind support of any individual business practice, given that some business practices can undermine the economy. At the same time, he acknowledges that there is an opposing view, where *'market norms are in conflict with more fundamental norms (social, political, religious, etc.)'* (Capaldi, 2013, p. 1223). In this context, conflicts between profitability and other goals are identified as ethical issues in business. The debate is therefore not about whether goals other than profitability exist; rather, it is about which goals are important, how they should be prioritised, and most importantly, how they relate to the objective of profiting (Friedman, 1962). Commentators envisage solutions that draw on government regulation or restructuring corporate governance, and argue that the lack of consensus about how these issues should be address is a reflection of a clash between different political economy perspectives (Capaldi & Lloyds, 2011).

The differences between alternate political economy perspectives are often lost in models such as those which attempt to find a positive effect of entrepreneurial capitalist activity on GDP growth in advanced economies but not in poorer nations. An inevitable generalisation fails to explain pockets of globally competitive creative development of firms in low-income countries (Bangalore, Nairobi, Medellin, among a few to mention) or how their global networks with regions in countries of a very different economic orientation help to foster growth (Mitra, 2020). At the micro level of firms how do we account for unproductive, productive and destructive firms (Baumol, 1996) operating freely in the same economy, raising questions about governance in those firms and the application of a general ethical code of conduct covering all firms in that economy? Where does responsibility lie? In the unprincipled firm or in the bureaucratic state?

Currently, all areas of the economic and social spectrum have adopted digital systems (Saridakis, 2023; Törnberg, 2023), making digital capitalism a dominant force in economic transactions and social activity and interactions. This model of capitalism is centred around the exchange of digital information using data networks and platforms. The ongoing metamorphosis of traditional capitalism into digital capitalism has brought with it numerous opportunities, but has, at the same time, thrown up various ethical concerns (Ashmarina et al., 2020; Nachtwey & Seidl, 2020). For example, businesses are often criticised for collecting large amounts of data about their users without their explicit consent, and for using this data for commercial purposes without adequately compensating or even informing users (e.g., Graeff & Harmon, 2002). Another important concern is linked to the distribution/use of the significant economic profits generated by online platforms to promote sustainable and inclusive growth (e.g., Jacobs & Mazzucato, 2006). The rise of the gig economy (see OECD, 2021b), in which workers are employed on a temporary or freelance basis, has led to concerns about the lack of job security, low wages, and inadequate benefits for those workers. Similarly, the dominance of large online platforms has led to concerns about their impact on small businesses and the accumulation of economic power by a few multinational companies.

While digitisation has reshaped business strategy and governance from a technological perspective, environmental concerns are now equally driving shifts in profit-making and redefining its limits. As discussed in Mitra and Bui (2024) globalisation has heightened awareness of the environmental and social consequences of corporate actions, prompting stakeholders to demand responsible business practices that go beyond mere profit. Recognising that ESG factors can present considerable financial risks, including those associated with climate change, social unrest, and governance failures, which impact long-run financial performance, firms and investors are now integrating ESG considerations into their risk management strategies (CFA Institute, 2020). While providing essential services like food, housing, clothing, transportation, and innovative services has improved global living standards, these advancements have also resulted in significant environmental and social costs, including pollution, insecure housing, and poor working conditions, which have offset some of the benefits (see Johnstone-Louis et al., 2020; WHO, 2024). Regulatory pressures and industry standards have prompted governments and industries to enforce new regulations requiring firms to disclose ESG-related information (e.g., Eccles et al., 2014). Growing social movements for human rights, diversity, and equity, along with major corporate scandals, have heightened the need for responsible business practices and accountability (United Nations, 2015). This shift has led investors to consider ESG factors in their strategies and driven younger consumers to favour brands that prioritise sustainability and social responsibility (e.g., Nielsen, 2018).

How much of the reaction to developments across different domains of economic and social activities constitutes a transformation of attitudes to conducting business as exemplified in the embedding of a new set of values or in accommodating a transient fad, remains a moot point for further discussion. What we do note is the growing complexity in the relationship between business and ethical practice, raising questions about moral values in conducting business and generating profits.

5. Capitalism And Consequentialism as a Moral Base

5.1. Ethical concerns in capitalism

The ethical considerations associated with the profit-maximisation paradigm are more intricate than might appear at first glance. The decision to pursue profit maximisation (or not to do so)

is influenced by underlying behavioural principles that link the allocation of scarce resources to both good business practices and ethical standards. As discussed above, the origin of profit may be seen as the return on innovation (Schumpeter), profitable opportunity awareness (Kirzner), or risk taking (Knight). However, as discussed in Tsaliki (2006), within classical and Marxian analysis, profit is derived by the entrepreneurs as the owner of the means of production, which gives *'the right to the owner-entrepreneur to appropriate part of the surplus produced by labourers in the process of production'* (p. 601). Furthermore, recent Marxist scholarship extends this critique beyond the origins of profit to contemporary industrial policy. Alexiou (2026c) argues that mission-oriented state strategies, despite their progressive rhetoric, largely reconfigure state intervention to manage the contradictions of capitalist accumulation rather than transcend them, serving to reinforce existing relations of production.

The political economist and philosopher Karl Marx pointed out that the free-market economy proposed by Smith promotes a social system where the working power also becomes a commodity. For Marx, "*the functioning capitalist really exploitation, when working with borrowed capital, was divided into interest and profit of enterprise, a surplus of profit over interest*" (1894, p. 389). In the Marxian context, profits cannot be seen as wage-income, and thus it can also be argued that entrepreneurship becomes synonymous with capitalist behaviour, which seeks cheap labour and adopts technological enhancements to reduce costs (Naples & Aslanbeigui, 1996). The introduction of advanced production techniques can lead to short-run higher profits only because of intense competition. Thus, according to Marx, irrespective of how productive this new method may be, the capitalist will not voluntarily introduce such a method in the production process if it reduces the rate of profit (Marx, 1894; Tsaliki, 2006).[8]

Hence, understanding the origin of profit becomes fundamental to understanding the profit and ethics nexus and also to understanding sustainability on various micro-/macro-geographical or short-run/long-run levels (see Tsaliki, 2006; Braudel, 1992; Cowan & Rizzo, 1995; Shaw, 2009). We therefore need to draw on theories relating to different economic systems as well as the frameworks that have been proposed for how to support sustainable development and growth (e.g., the Triple Line Bottom approach by Elkington, 1997 or ESG principles) alongside the need to address the new trajectories of change through digitisation.

Digital capitalism is still, at its core, capitalism, with all the inherent dynamics and ethical concerns discussed in this paper. The underlying mechanisms of capitalism, such as wage labour, profit, private ownership, and markets, remain intact in the digital age, albeit in a new form. To deal with the potential concerns that are emerging from digital capitalism, it is vital that new regulatory frameworks are developed which ensure the fair distribution of economic profits, protect the rights of workers and consumers, and are in line with environmental and social policies. Also, firms should adopt more ethical business practices. Providing more transparency about the data they collect and how it is used to support business operations ethically would be a start here.

Common to both ESG and digitisation issues is the evolution of a new process of determining how profits are made. A central tenet in the arguments in both these developments is connectivity between often disparate actors and stakeholders whose joint interest must be at least acknowledged and ideally nurtured. As stated earlier, ESG's value is derived from the conjoined or symbiotic relevance and significance of all of its three constituent factors Digitisation affects business production and delivery processes resulting in profit-making in ways which often involve multiple players engaged with different aspects of the same production process involving people, machines and data in complex, networked-based value

[8] Entrepreneurship coordinates and organises labour, capital, and land, and its contribution to production renders profits.

chains and platform configurations of business organisation (Nambisian et al., 2020; Brynjolfsson & McAfee, 2014) also often across the world. In this context, it is useful to recognise the commodification of a new and critical resource, data, which is generally provided free by the end users of a significant amount of modern digital products and services, thanks to the Internet and the bewildering array of 'apps' on our computers and mobile phones but stored mainly in the 'Cloud' or data farms of Supercomputers. The free resource replaces a significant amount of the traditional capitalist labour process. In fact, rather than acquiring labour through wages, digital platforms rely on users to generate data, which are harvested by algorithms that, in turn, track users' activities and curate content for them (Varoufakis, 2024). Once this is accomplished goods and services are sold to the buying users at the same time as our attention is sold to others. The behaviour, preferences and decisions, are predicted by these algorithms to guide and influence subsequent activities). The user is, therefore, the producer, enabling capital to reproduce itself without involving waged labour for the owners of this new form of capital. An interesting insight into the nature of profits in this Cloud/Digital business world is that profits themselves have become less important. Total market dominance is a bigger opportunity. A digital firm (generally a behemoth such as Amazon, or Tesla) can continue to make losses while witnessing a 200% rise in their share valuation. At the height of the pandemic in 2020, for example, Amazon recorded sales of €44 billion at its global headquarters in Ireland but reported no profits and therefore paid no corporate tax. Likewise, although Tesla's profit margins remained close to zero, its share price rose from around US$90 at the beginning of 2020 to more than US$700 by the end of the year. These examples illustrate how market valuation and the expectation of future market dominance have become more significant than current profitability (Varoufakis, 2024).

Consideration of these issues of connectivity, interlinkages, networks of people and organisations, and data flows are manifest in local ecosystems, and in traded or untraded interdependencies across global ecosystems, with much of the essential activity being conducted in the Cloud. They raise very different and fundamental questions about the nature of capital, the meaning of profits for business and the ethical implications of this new form of business in a changing economy, for the wider society. They call for a new and integral functionality for ethics in new forms of capitalism. We leave it to further research to examine the role that this new form of capitalism might play in achieving a sustainable and equitable economy. Our interest is in the embedded integrity of business ethics in the changing market economy.

5.2. Consequentialism and Ethics

Focusing on the effect of the market economy on the moral values of capitalist entrepreneurs and businesspeople, two propositions have been put forward. First, the 'doux-commerce thesis' points towards positive outcomes that emerged from free-market activities, such as business relations and trade (Hirschman, 1982). In contrast, the 'self-destruction thesis', suggests that the pursuit of generating profits can undermine collective interest and entrepreneurial virtues (Hirsch, 1977). The mass of mankind's desires, as discussed in Plato, are unbounded, and individuals prefer gains without limit over gains in moderation (Plato, 360 B.C.E.). In consequence, it can be argued that there is no necessity for an individual to feel guilt over their actions driven by an unbounded self-interest for the generation and accumulation of wealth (Rosenberg, 1974; Graafland, 2021). To this end, Smith (1789, 1790) recognised that both productive and unproductive effects on moral virtues emerge in a free market economy (Graafland, 2021). Hence, in principle, it can be argued that Smith does not endorse the egoistic model proposed by Mandeville (1714) in his poem '*The Grumbling Hive*'. [9]

[9] See text transcribed from the 1705 edition of 'The Grumbling Hive': https://jacklynch.net/Texts/hive.html.

Within the utilitarianism principles (Mill, 1863), moral behaviour is viewed as 'goal-directed' and although the utilitarian approach to moral theory is largely used for decision making by businesses and governments it is not without limitations (see Nobbs, 2013). First, the utilitarian evaluation of an ethical problem requires assignment of value to every cost and benefit that enters the utility function. In some cases, this is rather challenging (e.g., assigning a value to a human life). Second, classical utilitarianism has been criticised by the supporters of rule consequentialism, who suggest that an act should be judged to be morally right if it accords with a set of certain rules that leads to best outcomes. The third criticism of utilitarianism is related to way in which it deals with distribution and social justice (i.e., a decision can generate the greatest benefit for society as a whole, but it is still not guaranteed to be fair). Fourth, it has been observed that utilitarianism may prompt business owners to decide to prioritise profits over social responsibility in order to remain competitive, or they may use the latter as a means of generating profits. Although corporate governance has tried to balance profit maximisation and ethical behaviour, its success has been questionable (see Carson, 2003). Therefore, far from addressing the tensions between competing sets of values, a utilitarian or consequentialist approach exacerbates said tensions.

5.3. Non-consequentialist approach to ethics

This paper adopts virtue ethics as its principal alternative to consequentialist business ethics. Kantian deontology and related approaches are considered complementary because they reinforce the importance of moral agency, duties and constraints, but the central argument is that firms must develop ethical character rather than merely comply with rules or maximise outcomes.[10] Kant's approach to ethics, for example, is unconcerned with consequences but is instead inspired by duty and by justice (in which emotions have no place). In Kant's deontology, moral values are thought to be the universal imperative, being generalisable as the moral opposition to selfishness (Kant, 1984). The principal ethical approaches discussed in this paper are summarised in Table A1 in the Appendix, highlighting their different objectives, decision criteria and understandings of value. This summary also illustrates why virtue ethics provides a distinct basis for evaluating business responsibility, as it focuses on character and judgement rather than solely on duties or outcomes.

For some Kantians, such as Onora O'Neill (1996), the deficiencies of an appeal to rights can be overcome by appealing to moral agency, by way of virtues. Rights-talk is problematic because it is not clear what rights are, how they come into existence, or who has them. Kant's own appeal to reason will not suffice since, all too often, reason provides a justification after the fact. It leaves no room for the immediacy of moral intuition—in Mackie's terminology it makes the familiarity of moral judgements seem all the more 'queer'. It also fails to explain the mutability of moral judgements. Indeed, Kant himself changed his mind over matters such as race; this was twice the error since it evidences both the fallibility and mutability of practical reason. Instead of appealing to reason, hybrid theorists like O'Neill appeal to agency. Counter intuitively, this provides a more certain foundation insofar as any denial of one's agency is an affirmation of it, i.e., in order to deny my agency, I must first have the type of agency required to make affirmations and denials.

This same agency is at play if I am faced with a choice to, say, pollute the environment or not. Accepting the Principle of Bivalence (P *v* nP), at any given time, I am *either* polluting the environment *or* not. In light of this, I *must* decide which of the two actions I want to become

[10] The significance of agency in this context lies in recognising that firms and their decision-makers do not simply respond mechanically to incentives or calculate consequences. Business decisions involve judgement under conditions of uncertainty, competing values and incomplete information. A virtue-ethics approach therefore asks not only whether a decision produces desirable consequences, but whether the decision reflects the qualities of a responsible organisational actor, including honesty, fairness, practical wisdom and concern for those affected by business activity.

my will. If I have any doubt about this, then only now will reason come to my aid. It is at this point that we might look to what rationalist philosophers have suggested as potential answers. O'Neill follows Kant in asking which of the two actions we would be willing to universalise. Are we happy for *everyone* to pollute the environment? No. So, we must make it our will *not* to pollute the environment.

But this is an easy case; and usually moral *dilemmas* exist precisely because we are faced with a choice between two contradictory actions we are compelled to perform. This was one reason why existentialists, like Sartre, emphasise the significance of agency *qua* 'radical choice'. For Sartre, attempts to define ethical action by reference to a theory necessarily overlook the nature of an ethical *di*-lemma: that we are required to perform one, and *only* one, of two moral imperatives. The classic example is that of a son who must choose between enlisting in the army to defend his country from invasion or staying at home to look after his ailing mother. Kant would say it is our duty to perform both: but the point is that we can only perform one. Consequentialists seem better able to answer; in this case, I have millions of compatriots and only one mother. But I am also 0.00001% of an army compared with 100% of my mother's care. Existentialists reject both approaches and insist only that we must make a radical choice.

This is why O'Neill's hybridisation of deontological and virtue ethical approaches is so appealing. We need to be guided in our moral actions, not by universalizable reason, but by generalisable qualities, viz. virtues. In response to the above dilemma, a virtue ethicist would present the dilemma as a choice between being a dutiful son or a patriotic citizen. Neither duty can be "weighed" but a commitment to family over country is one that can be affirmed throughout a lifetime. Or else, we might be guided by what Aristotle (Crisp, 2014) terms the 'Golden Mean' or 'middle way' between excessive loyalty to state or family and deficient loyalty to state or family.[11] That is, we can seek to determine is either of the two duties places an unreasonable demand on us. Viewed this way, we still have a dilemma—and rightly so—but we are afforded the means to resolve it.

What these alternatives have in common is that they buck the consequentialist model of equating value with outcomes. Both Kant's deontology and Aristotle/O'Neill's virtue ethics can be aligned with the CSR principles discussed earlier. These can be used in business decision-making by entrepreneurs, and also by venture capitalists, business angels, and traditional financial institutions (i.e., banks) when they are making financial investments in startups.

Kant promotes duty and intention above positive or negative outcomes, such that a perfectly ethical endeavour can result in harm, in failure, or even in bankruptcy. Even so, such outcomes will, given the duties one has to stakeholders, by avoided provided they do not conflict with one's primary, ethical duties (which are universal). By way of analogy, a Captain might feel a duty to go down with a sinking ship, but that doesn't mean s/he intentionally steers it towards danger. Likewise, a virtuous entrepreneur will balance profit maximisation alongside moral commitments. Neither profit nor righteousness will be sought to excess, but rather both will be balanced against deficiency in either area. This is another reason why deontology seems compatible with virtue ethics. Both accommodate our saying, of an unintended harm, 'They acted with good intentions' or 'They are a good person, but unfortunate'.

Crucially, both deontology and virtue ethics (and any combination of the two) avoids characterisation simply as an *after-thought;* in both cases, we can characterise the ethics as *sought after*. That is, both govern how we are to behave going forwards. This avoids the main

[11] This emphasis on virtues within business activity also connects with MacIntyre's (1981) concept of practices, where excellence is developed through participation in socially established activities governed by internal goods and standards of achievement.

difficulty with consequentialist approaches that was described earlier: that, in looking backwards, they i) arrive too late and ii) fail to guide our actions.

6. Concluding Observations

This paper has developed a virtue-ethics-based framework for understanding ethical responsibility in capitalist firms by examining the relationship between profit, value and moral agency. It has argued that profit and ethical value are not necessarily incompatible, but that economic performance cannot be treated as an adequate measure of ethical worth. Self-interest and the pursuit of profits (or indeed social value maximisation) are central features of capitalist economies; although they are not unethical in themselves, they may compromise broader ethical values when economic objectives become detached from wider social purposes. On the one hand, profits can act as a stimulus for creativity, innovation (e.g., eco-friendly technology) and entrepreneurship. Hence, business profits can enhance economic growth and, in turn, foster social wellbeing through various means, such as providing education opportunities, improving healthcare, and creating employment. Business profits can therefore be viewed as important for social progress and collective welfare. In this sense, the pursuit of self-interest may generate wider societal value. This tension reflects the distinction between value-as-quantity and value-as-quality, highlighting that economic performance and ethical responsibility may be mutually reinforcing but cannot always be reduced to the same measure.

On the other hand, entrepreneurs and business owners may face situations in which ethical commitments conflict with commercial pressures, requiring choices between maintaining ethical standards and ensuring organisational survival. In this context, a Marxian interpretation might suggest that critiques of capitalist enterprise often have morality at their core. Hence, whilst profits can contribute positively to society, they may also generate harmful consequences by exacerbating inequality and undermining values that extend beyond self-interest and economic performance.

Certain forms of profit-oriented behaviour may generate negative externalities, including environmental pressures, social inequalities and technological risks. Such behaviour may also undermine societal virtues such as trust, honesty and justice, which are important foundations of social cooperation. Although social enterprises provide an important example of organisations seeking to combine economic activity with social purpose, this paper argues that they do not necessarily provide a complete alternative, as their organisational structures may also generate tensions between financial sustainability and ethical objectives. The analysis therefore suggests that the central challenge is not simply how firms can produce better outcomes, but how they understand and exercise ethical responsibility.

This paper proposes that addressing this challenge requires a critical examination of the capitalist system, its profit-oriented logic and the consequentialist approaches that frequently shape ethical decision-making by individuals, firms and governments. While consequentialist approaches provide important insights by considering the consequences of business actions, they risk reducing ethical value to outcomes that can be measured or maximised. A virtue ethics perspective provides a more sustainable foundation for understanding responsible business conduct by emphasising ethical agency, moral character and the responsibilities of business actors rather than focusing exclusively on the results of their decisions. Its advantage is that it recognises ethical decision-making in situations where consequences are uncertain, competing values cannot easily be measured, and legal compliance alone may be insufficient. Moreover, virtue ethics does not impose a fixed limit on good behaviour, encouraging business actors to go beyond minimum regulatory requirements. This is particularly relevant to sustainability, where responsible action may require more than legal compliance. Although deontological insights concerning duties, rights and moral constraints remain relevant, they function here as

supporting considerations rather than as the primary foundation of the framework. The central claim of this paper is that responsible business conduct depends ultimately on the virtues, judgement and practical wisdom of organisational actors.

The practical implications of this framework extend to contemporary business decisions involving environmental sustainability, employee relations and digital technologies. For example, a consequentialist firm may justify extensive customer data collection if the expected financial and social benefits are considered to outweigh potential privacy risks. A virtue-ethics approach would introduce an additional consideration, namely whether such practices reflect the ethical commitments expressed through the organisation's decisions and practices, including values such as honesty, fairness and respect for stakeholders. Similarly, in relation to supply-chain labour conditions or environmental practices, a consequentialist approach may focus on whether improvements enhance reputation, reduce risks or increase long-term profitability, whereas a virtue-ethics approach would emphasise whether the firm's actions demonstrate genuine responsibility towards those affected by its activities. These examples illustrate the central argument of this paper: ethical business conduct should not be understood solely as a means of achieving superior outcomes, but also as an expression of the character, judgement and practical wisdom of the organisation itself.

This perspective also has important implications for ESG. While ESG frameworks have encouraged firms and financial actors to incorporate environmental, social and governance dimensions into decision-making, such commitments are frequently justified in terms of reputational enhancement, risk management, or long-term firm performance. The virtue-ethics framework proposed here suggests that ESG should also be understood as an expression of the values, judgement and ethical commitments embodied in organisational practices and decision-making. Ethical commitments therefore acquire value not only because they contribute to commercial success, but because they reflect the virtues of responsible organisations.

Finally, we are of the view that the proposed theoretical synthesis becomes increasingly important in an era in which digital capitalism continues to expand, creating new opportunities for generating economic value through data, algorithms and technological innovation while also raising new ethical challenges relating to privacy, transparency, fairness and accountability. A virtue-ethics perspective provides a framework for addressing these challenges by focusing on the character and judgement of organisational actors rather than solely on the outcomes of their decisions. Nevertheless, a virtue-ethics framework does not eliminate all ethical conflicts, since disagreements may remain regarding which virtues should guide decisions or how competing stakeholder interests should be balanced.

Acknowledgements: Earlier versions of this paper took the form of unpublished essays and benefited from insightful comments and discussions at the Universities of Cambridge and Kent. We also extend our gratitude to Holly Tam Bui and the participants of the Annual Summit of the International Network for SMEs for some valuable discussion and feedback.

Compliance with Ethical Standards: The authors would like to confirm that they have no financial, personal, or other relationships to disclose. Also, their research does not involve human participants and/or animals. Hence, not informed consent was needed to be obtained.

Funding statement: This work did not receive any funding.

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Appendix

Table A1. Conceptual comparison of ethical approaches to business decision-making.

Framework	Primary objective	Dominant conception of value	Basis for ethical judgement	Role of stakeholders
Profit maximisation	Maximise profit and firm performance	*Value-as-quantity*	Financial outcomes	Primarily instrumental to firm objectives
Consequentialism	Maximise overall welfare or utility	Value determined by outcomes	Consequences of actions	Interests considered according to their contribution to overall outcomes
Deontology	Fulfil moral duties and respect rights	Value grounded in duties and rights	Duties and universal principles	Persons deserving respect and never merely as means
Virtue ethics (proposed framework)	Cultivate moral character and practical wisdom	*Value-as-quality*	Virtues. practical wisdom and ethical judgement	Relationships grounded in responsibility, trust and respect

Source: Authors' own synthesis.