Chapter 4
Kantian Themes

Why Kant

I would contend that my most important work in business ethics has been the application of Kant's moral philosophy to ethical issues in business. Some may ask, why would I choose Kant? After all Kant, as the leading figure of the Enlightenment, has been out of favor with many even though there has been a devoted band of scholars who have championed Kant's ethics through the last quarter of the twentieth century and the twenty-first century thus far. The contemporary movement to Kant is highlighted by the publication of John Rawls' *A Theory of Justice*. I was enamored with Kant as an undergraduate and wrote my Senior Honors Thesis on Kant's philosophy of man. I went to the University of Rochester to study with Lewis White Beck, one of the leading Kant scholars at that time. My second scholarly publication in 1971 was "Aspects of Kant's Philosophy of Law."[1] When I began to do scholarly work in business ethics in the mid 1970s, it was natural for me to focus on Kant as I grappled with issues in business ethics.

However, explaining why I focused on Kant does nothing to address the larger and more important question of why those working in business ethics should take Kant seriously. First, I think all the great ethical thinkers have something to contribute to business ethics. If they did not, why should anyone take the great ethical theorists seriously? They are great ethical thinkers because they have something to say to us about how to live a moral life. So what does Kant have to contribute to business

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Several paragraphs from my "A Reply to my Critics," *Kantian Business Ethics*: *Critical Perspectives*, Denis Arnold and Jared Harris eds. Edward Elgar Publishing 2012, 202–228 are included in this chapter. Endnotes appear in the appropriate places to let the reader know that the following material is taken from that article. Reprinted by permission of Edward Elgar Publishing.

[1] Bowie, Norman E. (1971). "Aspects of Kant's Philosophy of Law," *The Philosophical Forum*, 11(4), 469–478.

N.E. Bowie, *Business Ethics in the 21st Century*, Issues in Business Ethics 39,
DOI 10.1007/978-94-007-6223-7_4, © Springer Science+Business Media Dordrecht 2013

ethics? First, business executives often think and act as utilitarians. Indeed business decisions based on cost-benefit analysis, risk management, and the like are fundamentally utilitarian. However, sometimes, it is just the use of these decision techniques that get business executives into ethical trouble. What seems "rational" from a cost benefit perspective, sometimes seems unjust or unfair to those whose interests are sacrificed in the utilitarian calculus.

Thus, second, corporate stakeholders such as employees, customers, and the local community, for example, sometimes think that their interests, rights, and values are not respected and Kant's ethical theory gives them a language or narrative for making their point.

Third, Kant's transcendental methodology gives a means for justifying even some of the most basic ethical rules or intuitions. Some business school faculty think it is enough to tell students that they should not do anything they would not want to see written up on the front page of the *Wall Street Journal*. That is sound advice but is simplistic. Such advice shows a person might be embarrassed by something he did if it appeared on the front page but what we want is an explanation of why he would be embarrassed or why he should be embarrassed if he is not. Kant can provide a justification for ethical norms against lying, stealing, free-riding and the like. Kant's derivation of the various formulations of the categorical imperative gives one way of providing a rational foundation for many of the judgments that business ethicists make about business ethics issues.

Fourth, Kant's moral philosophy usually gives sound advice in ethically tricky situations. Kant's emphasis on the dignity of persons-a dignity that deserves respect is the foundation for many of the enlightened human resource practices and his emphasis on the value of autonomy is a foundation for the norms of participative management. His insistence that ethical norms be universalized explains why it is wrong for companies to deliberately withhold or severely delay payments to suppliers. In a Kantian business community there would be no "hold-up" problem because no one could universalize a norm that permits one to take advantage of great inequality in bargaining power.

Fifth, Kant's ethical theory can make business ethics inspirational. If a business is seen as a cooperative enterprise that adds value to all the corporate stakeholders and thus enriches their lives, business is no longer simply about money grubbing. Business is a means for persons to join together in a cooperative enterprise to make the world better by providing the goods and services that people need. As we shall see Kant's ethical theory can even provide the basis for a philosophy of corporate social responsibility.

For these reasons I think Kant has much to offer business ethics and in this Chapter I want to show how my thinking about Kantian ethics and the thinking of a new generation of Kantian business ethicists can broaden and enrich our understanding of business ethics. Before moving to that task, I should give tribute to the contemporary scholars on Kant's ethics whose original insights have inspired me. I think it important to mention these people because far too often I heard criticisms of Kant that after reading the work of the scholars below seem shallow and misguided.

John Rawls, himself a Kantian, mentored a number of influential students who have provided great critical insights into Kant's ethics. They include Christine Korsgaard, Thomas Hill Jr. Barbara Herman, and Onora O'Neill. I was greatly indebted to their work that was published in the 1990s when I wrote *Business Ethics*: *A Kantian Perspective*. Since the publication of that work Korsgaard and Herman have published additional books, which have perceptions on ethics and ethical theory that are unique to them, that nonetheless draw heavily on Kant's ethics.[2] Once again I find their insights useful in my own work. Moreover, since the publication of my book, I have read a great deal of the work of Allen Wood.[3] Since Wood rejects significant aspects of the Kantian scholars mentioned above who were all trained by John Rawls, my understanding of Kantian ethical theory is deeper. I also profited from reading Paul Guyer's 2006 book, *Kant.*[4] It is clear there is a flourishing community of Kant scholars within traditional ethical theory.

Manfred Keuhn has written a delightful and lengthy new biography of Kant that will change our assumptions about the life of the somber philosopher from Konigsburg.[5] Actually for an extended period of time Kant was quite the party animal and something of a prize dinner party guest. He also frequently dined with royalty. Some important women were enamored with him. He also was deeply involved in academic politics and could get into trouble with the authorities. Keuhn's book makes Kant a more well- rounded and social animal-more of a full human being than the picture you get from older biographies and especially from caricatures of his moral philosophy.

Organization of This Chapter

The cornerstone of my application of Kant's philosophy to business ethics is my 1999 book. I begin the Chapter by considering some of the criticisms of that book and also I indicate how my thinking in that book has changed in part due to the criticisms the book received and in part due to further reflection including reflection from reading scholarly contributions that have appeared since 1998.

Finally I will take account of those who have applied Kantian theory to topics in business ethics that I have not addressed. I will often function as a cheerleader and occasionally as a critic in this endeavor. I conclude with some suggestions for the further application of Kantian ethical theory to problems in business ethics.

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[2] Specifically I have in mind, Korsgaard, Christine. (2009). *Self-Constitution*: *Agency*, *Identity*, *and Integrity*. Oxford: Oxford University Press, and Herman, Barbara. (2007). *Moral Literacy*. Cambridge: Harvard University Press.

[3] Wood, Allen W. (2008). *Kantian Ethics*. Cambridge: Cambridge University Press.

[4] Guyer, Paul. (2006). *Kant*. London: Routledge.

[5] Manfred Kuehn. (2001). *Kant*: *A Biography*. Cambridge: Cambridge University Press.

Rethinking and Defending *Business Ethics: A Kantian Perspective*

In undertaking this rethinking and defense, I will follow the original chapter outlines and consider criticisms and my response to these criticisms for each chapter. I will also indicate where I have changed my mind on certain topics. Where appropriate I will apply the latest in Kantian scholarship to my thoughts on the various topics.

Chapter 1 Immoral Business Practices

In this chapter, I wanted to show how the first formulation of the categorical imperative (the universal law formulation) could serve as a test for maxims proposed for action. I adopted Kant's distinction between maxims that were formally inconsistent and ones that were practically inconsistent. I then argued that certain maxims in business would be inconsistent in one of these two senses. I pointed out that all cases of free riding would be subject to being formally inconsistent. Showing that all cases of free riding would be inconsistent enabled me to show how robust Kant's theory could be when analyzing business practice. I also gave several examples where the attempt to follow inconsistent maxims in the real world of business led to the undermining or collapse of a business practice. I consider one of the main achievements of that chapter to be my argument that business practices that undermine trust are pragmatically inconsistent. The argument was presented formally on page 31 and I am unaware of anyone challenging it. I would argue that understanding and using the notion of pragmatic inconsistency would increase the robustness of Kant's ethical theory particularly as it is used in applied ethics

I also believe that I avoided some of the common mistakes of interpretation in my application of Kant. For example, I never treated my analysis as a deduction from the universal law but always explicitly stated that the universal law was a test for maxims. I did not in that chapter try to answer the common objections that are raised against Kant's philosophy. In particular I did not try to answer the objection that it is hard to formulate the appropriate maxim and that it seems rather easy to formulate maxims that result in false positives and false negatives. The maxim "It is morally permissible to tell a lie" would result in a formal contradiction in a way that it looks as if it is always wrong to tell a lie. On the other hand if one tries to narrow the maxim to include legitimate exceptions such as "it is ok to lie to a murderer at the door", then you run the danger of morally permitting actions that ought not to be permitted. Kant was always very cognizant of the human ability to think up excuses or rationalizations for unethical actions.[6]

[6] For example, see Wood, op.cit., 250–251.

This kind of discussion about the ability to formulate the appropriate maxims is used by particularists in moral theory to deny that a principle based approach to ethics is a useful one. The particularists point out that principles must of necessity be indeterminate guides to moral action. The particularity of a situation matters and must be taken into account. In addition it is argued that we do not think about ethical decision making the way a principle based account would require. We do not generalize from particular cases to a moral principle.[7] There are particularist business ethics scholars as well, for example, the late Robert Solomon, Joe Desjardins, and Geoff Moore.

Kant scholars such as those mentioned earlier in this chapter have responded effectively to these particularist critics. This is not the occasion for providing the details of their account. However, in business ethics, the definitive response to the particularists has been provided by Jeffery Smith and Wim Dubbink.[8] Although I cannot provide the full details of their account, let me give the reader an overview of their overall argument. Smith and Dubbink accept the distinction that Kantian ethicists draw between justifying a principle and applying a principle. Kant's discussion in the *Groundwork for the Metaphysics of Morals* is primarily about the justification of principles and what counts as appropriate moral motivation. The justification of principles is abstracted from any particular facts about agents and of necessity cannot be applied directly to particular actions. Indeed, as Smith and Dubbink point out, Kant himself understood that applying principles in concrete situations is difficult, that agents often stumble in applying them, and that agents have some latitude in applying them.[9]

Smith and Dubbink point out the principle based ethics like Kant's have been criticized on grounds of what they call, the indeterminacy objection and the generalism objection. The indeterminacy objection basically says that moral principles cannot contain enough information to directly resolve particular ethical issues. The generalism objection claims that those who adopt a principle based ethics do not understand how agents actually reason about moral problems.

But we have already seen that Kant at least does not claim that moral principles can contain enough information to be applied directly. So the indeterminacy argument has little force since most principle based ethicists do not have the view of moral principles that the particularists claim they hold. As for the generalism objection, Smith and Dubbink show decisively the role that principles play in ethical decision making and thus show how reasoning from principles does take place and appropriately so in ethical decision-making. They agree with Barbara Herman that principles are necessary to direct our attention to the morally salient features of a particular case. They also provide a "kind of practical training" in shaping our

[7] Some of the best known particularists include Johnathan Dancy, John McDowell, David Wiggins, and Margaret Little.

[8] Smith, Jeffery and Wim Dubbink. (2011). "Understanding the Role of Moral Principles in Business Ethics: A Kantian Perspective," *Business Ethics Quarterly,* 21(2), 205–231.

[9] These points are all made in Kant, Immanuel. (1798, 1991). *Metaphysics of Morals*. Cambridge: Cambridge University Press.

perceptions and interpretation of circumstances that call for ethical scrutiny. Violations of certain ethical principles seem to require explanation if they are to be justified. A person who does no harm to another does not need to explain why she acted in that way. A person who does harm another does need to explain why. Thus principles provide reasons for actions.

I totally accept the Smith/Dubbink criticisms of the particularist position as well as their account of the role of principles in moral decision making. And I agree that their account is Kantian. I encourage business ethicists to read the complete article for a full account of their argument that I have merely sketched out. If I were to revise Chapter 1, I would emphasize that my examples are merely illustrative. They show how the use of the categorical imperative can enable us to provide reasons for actions and enable us to pick out morally salient circumstances in business life. I am not in Chapter 1, simply applying the categorical imperative to get correct answers about business ethics.

Chapter 2 Treating the Humanity of Stakeholders as Ends Rather than as Means Merely

This chapter uses the second formulation of the categorical imperative-the respect for the humanity in a person principle- to evaluate a number of human resource practices in business. It is obvious that on Kantian morality the use of coercion or deceit is a violation of the humanity in a person and that coercive or deceptive practices treat the humanity of a person as a means merely. A major philosophical question that I finessed was "What counts as coercion?" The issue arose specifically when I had been asked whether layoffs were coercive. If one takes the perspective of individual labor contracts, it appears that layoffs are not coercive. A person taking a job knows either explicitly or implicitly that he or she can be laid off. Many employment contracts have an explicit reference to "employment at will." Union contracts, where they exist, specify the procedures for layoffs as do civil service contracts. Even tenured university faculty can be laid off in times of genuine financial emergency. However I never was comfortable with that analysis. Having a job is required if one is to have more than a minimal existence. A homeless person sleeping in a car or under a bridge is living a minimal existence. And in this culture having a job is, if not a necessary condition for self-respect, is usually an essential condition for self-respect. I now realize there are two ways to handle my discomfort. One is to make a case for the notion of institutional coercion. I raised that possibility in Chapter 2 but I never developed it. I also pointed to some of the legal cases where the court determined there was coercion and argued by analogy to coercion in labor contracts. That argument deserves further consideration.

A second way, to which I am now inclined, is to argue that every person has a right either to a job or to a safety net and retraining in time of unemployment-so long as he or she is willing to work. Moreover, I maintain with some organizational

theorists like Jeffrey Pfeffer that businesses are too quick to lay people off.[10] Pfeffer provides business reasons for not being so quick; I would add moral reasons based on the fact that a business has a relationship with employees that is more than simply economic. We used to talk about a business being a family. We certainly have given up that idea, but we still hear terms like "loyalty", "teamwork", and a "new social contract" applied to contemporary businesses. All these terms imply that it is wrong to dump people on the street when it is not necessary.

Some have tried to argue that as a Kantian, I must be committed to a no layoff policy.[11] I do not see why that is the case. The application of the humanity in a person formulation of the categorical imperative is not deductive. I see nothing wrong with saying that business should try to avoid layoffs but that if layoffs are necessary, some government agency or perhaps charitable institutions have a duty to provide a safety net

In Chapter 2 of *Business Ethics: A Kantian Perspective,* I also took the Kantian line that the humanity in a person as an end formulation of the categorical imperative requires positive duties as well as the negative duties of avoiding deception and coercion. I argued that the humanity in a person formulation required a company to provide meaningful work for its employees. I listed six criteria for meaningful work but said very little in defense of them. I followed up some years later with a paper, "A Kantian Theory of Meaningful Work."[12] My discussion of meaningful work has stimulated a lot of critical comment. Perhaps this is a good place to provide some additional commentary on the subject including some response to some of the objections.

Let me explain why I am interested in this subject. If we divide the 24 h clock up, for 5 days a week we spend 8 h a day sleeping, 8 h a day working and 8 h on other.[13] Some spend an additional hour or more commuting to work and another hour or more commuting home from work. Many now hold two jobs so they work more than 8 h a day. Americans work more hours and take less vacation time than the citizens of any other country. Despite the number of hours spent at work and going to work, dissatisfaction with work is at a record high. This is reflected in academic studies and in our ordinary language. Not only do we have TGIF (Thank God it's Friday) but also Blue Monday and Hump Day (Wednesday-half way to Friday).

The language of TGIF is more common than language about vocation or calling. Kant believed that we were morally required to develop our talents. Education and then work provides the means for doing that. If we do have such an obligation and if work is one-and for most a common and important- way to develop and

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[10] For example see Pfeffer, Jeffrey. (1998). *The Human Equation*. Boston: Harvard Business School Press.

[11] Patricia Werhane has made that criticism for example.

[12] Bowie, Norman E. (1998). "A Kantian Theory of Meaningful Work," *Journal of Business Ethics,* 17, 1083–1092.

[13] Most of this discussion of meaningful work is taken from Bowie, Norman E. (2012). "A Reply to My Critics" in Denis Arnold and Jared Harris (eds.), *Kantian Business Ethics*: *Critical Perspectives*. Cheltenham: Edward Elgar Publishing.

practice our talents, then it seems to me that an organization-including a business organization- should be supportive of that end rather than contribute to people hating their jobs. Although I agree that I have not always expressed myself well on this point, I think the goal of changing people's attitude toward their jobs from dissatisfaction-even hatred-toward something meaningful is the correct goal. And I think Kant would approve.

Joanne Ciulla is surely correct when she argues that it is one thing to say that a company has an obligation to provide meaningful work and quite another to overcome the obstacles to actually providing it.[14] I do confess that I have been overly optimistic in this respect. Ciulla is right in saying that my Kantian theory of meaningful work rests on both negative and positive freedom. Ciulla thinks that the emphasis should be put on negative freedom-freedom from coercion-because historically the issue between employers and employees is about power and employers tend to want to impose their will on their employees. Indeed Ciulla argues that taking a job requires giving up freedom in some respects.

One might respond by saying that a Kantian could accept freely limiting one's freedom in one area in order to have more freedom in another. Thus the pay one receives from working could provide freedom to obtain a number of one's important goals even at the cost of giving up freedom in the workplace. Free choices do constrain. Now as Ciulla points out there seems to be a correlation between higher paying jobs and the amount of freedom one has-both negative and positive. That is an important observation and provides a reason why I think we should pay more attention to issues of freedom for lower paid workers. It is harder to provide meaningful work in retail sales or the assembly line than at a university or law firm-although even there freedom is not unlimited.

Ciulla also points out that people need to work in order to make a living and that for many-especially the unskilled in times of high unemployment- the "choice" is a stark one. Indeed that is why it is important that children are encouraged to become educated to the full extent of their abilities. A good Kantian would praise a society that educates its young so that the choice of employment would not be as stark as it sometimes is. I also agree with Ciulla that unions provide a means for enhancing employee freedom. I say that as a former union president at the University of Delaware and as one who would argue that the United States is now the most anti-union country in the G-20.

Ciulla also speaks eloquently about the dangers of having a corporation determine what will count as employee self-realization or in enhancing their negative freedom. She is probably right when she says that I am too optimistic about avoiding these dangers in contemporary corporate life. Besides who is to decide what is to count as self-realization-especially if self realization by the employees undermines the self-realization of employers and stockholders? These are valid points. But let's think of small and medium size enterprises, especially ones on the edge of technological development. Or think of companies with a strong corporate culture like Google or Apple.

[14] Ciulla, Joanne B. (2012). "Worthy Work and Bowie's Kantian Theory of Meaningful Work" in Denis Arnold and Jared Harris (eds.), *Kantian Business Ethics*: *Critical Perspectives*. Cheltenham: Edward Elgar Publishing, 202–228.

These companies provide examples of organizations that give meaning to one's life. Employees want to work there; there is no disconnect between the employer and the employee. In my Kantian ideal it is that harmony of interests in pursuit of a common goal that provides meaning and there is no conflict between how an employer defines self-realization and how the employee defines it. This goal may not be realistic for many companies but I see no ethical problem in endorsing it as a goal. And this goal may conflict, as Ciulla points out, with self-realization in other areas of one's life-with one's responsibilities to family for example. And Ciulla is also right in reminding me that achieving meaningful work in a global society is even more difficult. However, I would point out that over time the global market place will provide work that is more meaningful for more of the world's populations. Living standards are on the rise in Asia and South America. If the late C.K. Prahalad is correct there is even hope for those at the bottom of the pyramid.[15]

Finally Ciulla argues that there is no one definition of meaningful work, that different people have different notions of meaningful work and that there is no way a corporation can provide meaningful work to everyone. Hard to argue with that. Also I would agree that some people find meaning in places other than work. Those facts do not convince me that I do not have a theory of meaningful work. Cuilla would characterize my account as a theory of worthy work. In an earlier draft of her paper Ciulla says the following:

> The most meaningful jobs are those in which people express themselves, help others, or create products that in some way improve life. Work makes life better if it makes a contribution; alleviates suffering; or eliminates difficult, dangerous or tedious toil; or makes the people healthier and happier; or aesthetically or intellectually enriches people; or improves the environment or the society in which we live.

I could not agree more and if it makes sense to call this worthy work rather than meaningful work, let's do it. If work meets those descriptions, TGIF will be a day of celebration rather than a day of relief.

Another of my critics, Joseph Desjardins focuses on work itself. He distinguishes the conventional view where work is an instrumental good that must be tolerated in order to achieve other ends from the human fulfillment view that treats work as "a key activity through which people can develop their full potential as human beings."[16] I clearly reject the instrumental view and would like to associate a Kantian ethic with the human fulfillment view. But can I? Taking the perspective of political theory, Desjardins points out that my actual position is a middle position between the conventional instrumental view and the self-fulfillment view. That is because as a traditional liberal I have a thin theory of the good- one based on protecting the process or form of rationally chosen ends. But I have no substantive theory of the good and Desjardins thinks the liberal view is too impoverished.

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[15] Prahalad, C.K. (2005). *The Future at the Bottom of the Pyramid*: *Eradicating Poverty Through Profits.* Upper Saddle River: Pearson Education Inc.

[16] DesJardins, Joseph. (2012). "Meaningful Work" in Denis Arnold and Jared Harris (eds.), *Kantian Business Ethics*: *Critical Perspectives*. Cheltenham: Edward Elgar Publishing.

On the basis of my published work, Desjardins is correct in characterizing my account in this way. In light of Desjardins' comments, what would I say now? First Desjardins has provided a number of goods that I could adopt and still maintain that these goods still fall under a thin theory of the good. He cites a number of intellectual virtues such as "diligence, concentration, attentiveness, thoughtfulness, and self-awareness." I might also accept psychological goods such as "self-esteem, self-confidence and self-respect." Meaningful work would be work that supports these intellectual virtues and psychological goods. I hereby amend my account to include these items.

Desjardins has an even more intriguing idea. In describing my account, he points out that I might have tried to develop a thicker theory of the good. Perhaps a thicker theory of the good could be derived from Kant's imperfect duties to develop one's talents and aid the needy. Desjardins correctly points out that I did not do that. But in the future? Great idea I thought! However, he argues that I cannot go in that direction. He says, "I think Bowie has no option but to retreat from these ends because, as a Kantian, he lacks the philosophical resources to develop either in a substantive way."[17] However, the only argument Desjardins provides is that if I move in that direction I will run afoul of my "avoid paternalism" condition. But why? It is not paternalistic to insist that one do one's duty especially when the duty is a requirement of rationality as Kant believes. Or alternatively, if paternalism is a problem it seems to be as much a problem for those who defend the thin theory of the good as for those who defend a more robust theory.

So let's take a look at Desjardins' more robust self-fulfillment theory. He points out that work plays a major role in self-identity. It helps determine who we are and I agree that work is certainly meaningful in that sense. As Desjardins says, "Meaningful work would be work at which individuals express their identities and which allows individuals to flourish in all their diversity."[18] I agree and in passing this characterization seems perfectly compatible with a thin theory of the good. Different individuals might achieve somewhat different identities in work situations. There are important differences between being a professor and being a farmer. Teaching and research will contribute to being a different person from a farmer who raises food for us to eat. Both careers are legitimate and both can be meaningful in Desjardins' sense. He also points out that meaningful work should help us improve ourselves over time. Right on but I do not see anything substantive here unless a substantive theory of what counts as improvement is provided. That brings us to the imperfect duty to aid others or to be concerned with the happiness of others. What would count as meaningful work in that context? Desjardins said, "Meaningful work is work that creates products and services that are truly good, that contribute to human well-being and human flourishing."[19] I agree and would point out that there is much in common between his robust self-fulfillment account and Ciulla's account of worthy work. On reflection, I endorse this

[17] Ibid., 141.

[18] Ibid., 144.

[19] Ibid., 145.

self-fulfillment view. I would only point out that it too might be characterized as a middle position since so many of the characteristics are compatible with multiple theories of the good. Desjardins is really defending an Aristotelian theory of meaningful work. As I indicate later in this chapter, contemporary Kantian scholars are building bridges between Kantian ethics and Aristotelian ethics. I would like to continue the conversation to see if a Kantian and an Aristotelian convergence might develop around a self-fulfillment theory of meaningful work.

Chapter 3 The Firm as a Moral Community

In this chapter I have attempted to move the level of analysis from the individual to the firm although I did not specifically put it this way. In the first two chapters, I had provided arguments and examples of what ethics might require of business people in general (Chap. 1) and of managers, especially human resource managers, in particular (Chap. 2) In this chapter I wanted to see what an organization governed by Kantian principles might look like. I have actually gone beyond Kant and tried to characterize an organization with integrity more generally. That essay is included as Chap. 11 in this volume.

One of the first difficulties is to determine what the third formulation of the categorical imperative actually is. This problem is not unique to the third formulation since the universal law formulation is stated in two or three different ways. Kant scholars distinguish between the Universal Law formulation and the Formula of the Law of Nature.[20] There is general agreement that the third formulation has something to do with a realm of ends although Wood included a Formula of Autonomy and a formula of the Realm of Ends as versions of the third formulation.[21] My own way of stating the formula is slightly different from the way it is stated by other Kant scholars. I defined the third formulation as follows: "…you should act as if you were a member of an ideal kingdom of ends in which you were sovereign and subject at the same time."[22] I think my way of stating the third formulation captures much of what Wood includes in the Formula of Autonomy and the Formula of the Realm of Ends. However, not much hinges on this issue.

Since the realm of ends is an ideal, some might argue that the norms that apply in the ideal realm of ends do not apply or even cannot apply to the imperfect world of business organizations. However, I think that would be a mistake. Kant believed that the third formulation captured the first formulation (the form) and the second formulation (the material)[23] Since the first and second formulations of

[20] See for example Wood, op.cit., 66.

[21] Ibid., 66–67.

[22] Bowie, Norman E. (1999). *Business Ethics*: *A Kantian Perspective*. New York: Blackwell, 87.

[23] Kant, Immanuel. (1785, 1990). *Foundations of the Metaphysics of Morals*. New York: Macmillan Publishing Co.

the categorical imperative can serve as tests of maxims in the imperfect world, I see no reasons why the third formulation cannot serve the same function as a test of maxims or practices that seek to create organizational integrity. Since the third formulation has a distinctly Rawlsian flavor and since Rawls was concerned with institutional perfect justice rather than imperfect justice, my strategy here might be out of favor with Rawlsians. However, many Rawls scholars have taken Rawls into areas he did not intend or even countenance and to good affect. The person who has done the most work in that regard is Nien-hê Hsieh.[24] Finally, as noted earlier Allen Wood has taken vigorous exception to the Rawlsian constructivist interpretation of Kant by the students of Rawls. However, I think my use of Rawls in this chapter is fairly uncontroversial and does not embroil me in the above dispute-which seems particularly bitter between Wood and Korsgaard.

This chapter has not received much critical comment. My principles of the moral firm needed some fleshing out-something I did with "Organizational Integrity and Moral Climates" included in this volume. In a separate article, I made a case for worker participation and I strongly criticized top down management and Taylorism adding to the arguments I made in the book on these topics.[25]

My strategy throughout the book was to try to find companies that had implemented Kantian ideals. I thought that if Kant were to be relevant to business people, there should be instances where Kantian ideals had been put into practice. One of the troubling events since publication of the book was the fact that most of the companies cited as good Kantian companies had fallen by the way side. Hewlett-Packard, Merck, and even Johnson and Johnson had lost their Kantian halos.[26]

Recently my discouragement has lifted a bit as I have discovered a number of companies that seem to practice business as Kantian ethics would require. First I call your attention to *Profit at the Bottom of the Ladder: Creating Value by Investing in Your Workforce*.[27] This book provides information on companies that have profited by adopting the good human resource practices and community investment practices that I had identified as consistent with Kantian ethics in this chapter. Significantly in the age of globalization, the book contains stories on a number of non U.S. examples. However, one shining example from the United States is Costco. If you want your hope for Kantian business ethics restored put this book on the top of your reading list. An international example is Jorma Ollila former CEO Nokia and Chair of its Board and Former Chair of Board Royal Dutch Shell. What he describes as Nordic capitalism looks very much what I describe in the book as

[24] Hsieh, Nien-hê. (2009). "Does Global Business Have a Responsibility to Promote Just Institutions?" *Business Ethics Quarterly,* 19(2), 251–273.

[25] Bowie, Norman E. (2005). "Kantian Ethical Thought" in John W. Budd and James G Scoville (eds.), *The Ethics of Human Resources and Industrial Relations.* Champaign: Labor and Employment Relations Association.

[26] For more on this fall from grace and its implications for business ethics, see Chap. 11 "Organizational Integrity and Moral Climates" in this volume.

[27] Heyman Jodi. (2010). *Profit at the Bottom of the Ladder*: *Creating Value by Investing in Your Workforce.* Boston: Harvard Business Press.

Kantian capitalism. He argues that there is more to business than shareholder profits, that the human role is important, that business should be concerned with social solidarity.[28] It is interesting to note that the notion of social solidarity ties in with the philosophy of Rawls and even Rorty as well as Kant.

Even when a business or business person manages according to Kantian ideals, the name "Kant" is usually never mentioned. However, recently I discovered an exception- Tom Chappell Co-founder and former CEO of Tom's of Maine. Chappell explicitly stated that he guided the company by common theories of Edwards(Jonathan) and Kant.[29] On page 20 Chappell makes explicit reference to the categorical imperative.[30] Later he argues that bonuses at Tom's of Maine are awarded "in ways that conform to the guidelines expressed in Kant's principle of moral universalism,"[31] He also points out that Tom's of Maine will have fair compensation policies based on performance that benefit all stakeholders.

Chapter 4 Acting from Duty: How Pure a Motive?

In this Chapter I struggled with the issue of the purity of the good will. If the only thing good in itself is a good will and I also argue that in many cases good ethics is good business, then an action we would normally call good but done because it was good business is not a truly moral action. There have been a number of attempts by scholars to get around this problem. One standard way is to point out that there can be multiple motives for an action. Thus a company could perform a socially beneficial act both because it is the right thing to do and because it is good business. So long as the company would do this act even if the good business motive were not present, the act would pass the Kantian test, it is argued, and be done out of duty and thus worthy of moral esteem.[32] Recent work by Allen Wood and Barbara Herman lead me to think that this problem is partly a false problem created by a common misconception of Kant. If they are correct there is no need to worry about multiple motives.

Wood argues that there is nothing wrong with doing the right thing from a self-interested or prudential motive. The important point in moral choice is when one should go against self-interest or prudence and do the right thing. To act out of duty

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[28] The Financial Times article articulating his philosophy can be found at http://royaldutchshellplc.com/2009/03/23/jorma-ollila-champion-of-nordic-capitalism/

[29] Chappell, Tom. (2009). *Goodness in Business*. Waltham: Bentley College Center for Business Ethics.

[30] Ibid., 9–10.

[31] Ibid., 23.

[32] For a scholarly discussion around this point, see Henson, Richard. (1979). "What Kant Might Have Said: Moral Worth and the Over-determination of Dutiful Action," *Philosophical Review,* 88, 39–54 and Herman, Barbara. (1993). *The Practice of Moral Judgment.* Cambridge: Harvard University Press, Chapter 1.

in those cases is when the agent deserves moral esteem.[33] Thus a business person who does the right thing because it is good business does something morally good but does not deserve any special moral credit for that. Right and that is exactly in accord with our moral intuitions. The public is happy to have business do the right thing when it is good business to do so. However, to earn special moral credit with the public the business must sacrifice profit in order to do the right thing. It is interesting to note how Kantian the general public is in this regard. However, it is also true that if a business is to stay in business this latter event cannot happen too often so for most businesses the trick is to find the business strategy that lets the business do the right thing and be profitable. The public often does not understand that. There is nothing inconsistent with Kantianism in holding this position.

One could argue that the issue about the purity of the will, moral esteem, and good action is the main focus of Barbara Herman's *Moral Literacy*. One cannot adequately summarize this book length argument here. Herman's strategy is to deny the sharp separation between desire and reason and then to argue that desires can respond to reason. As she says early on in the book,

> But if we are no longer restricted to a rigid oppositional model-if the system of desires is itself reason responsive-the content of desires need not remain unaffected by our developing moral and rational capacities, and the exclusion of all desire from moral action will not follow so easily.[34]

I believe the remainder of the book is a careful exposition of the quoted passage although in providing that exposition, Herman provides a Kantian theory of character, moral development and a Kantian theory of virtues. This book is a must read for serious scholars of Kant's ethical theory.

I am sympathetic to Wood's and Herman's interpretations. Perhaps the critics of the "good ethics, good business" argument have misunderstood Kant. As a result of this kind of scholarship I am less concerned about criticisms that you cannot argue that you are a Kantian and argue the "good ethics is good business" line.

However, my own way of avoiding this criticism works independently of these advances on Kantian scholarship. The problem is not that the critics of "good ethics is good business" have misunderstood Kant; rather the problem is that these critics have not understood that in a public corporation making a profit is itself a moral obligation.

Specifically my way out of this dilemma was to point out that in a publicly held corporation, managers are agents of the stockholders and are contractually obligated to seek a profit. Since a contract is a type of promise, seeking profit is itself a morally required action. It is only because people do not see profit seeking as a moral act that a split is seen between doing the right thing and making a profit. Thus there is no separation thesis between doing the right thing and profit-seeking. Indeed since profit seeking is contractual and thus a kind of promise, it is, in Kant's language a perfect duty. Interestingly I am not aware of any critical comment on this

[33] The argument for this position is carefully worked out in Wood, Allen W, op.cit., Chap. 2.

[34] Herman, Barbara. (2008). *Moral Literacy*. Cambridge: Harvard University Press, 13.

move, although it is unique in the literature and certainly could be the subject of critical comment.

Put in a more formal way than I did in the book, the argument would run as follows:

1. In a publicly held firm the managers have entered into a contract with the stockholders;
2. A contract is a type of promise
3. The terms of the contract are that the managers should attempt to maximize profits for the stockholders (Milton Friedman) or should have a major concern for profit (stakeholder theory or sustainability capitalism)
4. For Kant, keeping a promise is a perfect duty
5. Therefore managers have a moral obligation-indeed a perfect duty- to at least seek profit.

Thus doing good when it leads to profit is a moral duty, all else being equal.

However, my solution to the purity of the will problem does create another issue. I, like many others, have argued that corporations have duties to aid society or to help solve social problems. These are, in Kant's words, imperfect duties. Imperfect duties are real duties, but they are not duties that you need to fulfill on all occasions. Some argue that corporations do not have such duties. I will not consider that argument here. See my discussion of the work of Dubbink and Smith who argue against that position below. However, if the duty to seek a profit is a perfect duty and the duty to solve social problems or aid society is an imperfect duty, does that mean whenever there is a conflict between profitability and aiding society, the company should always aim for profitability?

That is an excellent question. If the duty to seek profit is a duty to maximize profit the problem is more serious. It seems that in such a case, the manager should always seek profit whenever there is a conflict. But if the duty to seek a profit is treated less stringently, then sometimes some profits can be sacrificed. Actually more and more states are understanding the contract between management and the stockholders that way. These states have enacted laws that give explicit permission for management to consider other factors besides profits. Also many stockholders themselves would allow management to make these tradeoffs in the short run so long as they contributed to profits in the long run.

All of this supports my overall position that the job of a manager is to find a win-win where aiding society or helping to solve social problems is achieved while making a profit. Indeed some for profit companies are founded for the sole purpose of solving social problems. This whole field is called social entrepreneurship. Ethical management requires that ways be found to practice business in ways that are both ethical and financially successful.

Suppose we agree that in short-run situations and in win-win situations, there is an imperfect duty for corporations to aid society or help solve social problems. What is the status of the duty to help society or solve social problems? It is a genuine duty that falls on corporations, but there is considerable latitude on how often and in what way, a corporation exercises this imperfect duty. Moreover, I would

now add that the corporation should focus on social problems where it has some expertise. Drug companies rather than oil companies should focus on getting low cost drugs to undeveloped countries. Oil companies have their own social problems to consider. If social responsibility is a duty it is accompanied by the duty to act within one's spheres of competence. In business language the duty should be strategic-tied to the overall strategy and mission of the firm.

Chapter 5 The Cosmopolitan Perspective

The last chapter of *Business Ethics*: *A Kantian Perspective* pointed out how cosmopolitan Kant was and how cosmopolitan Kant's ethical theory is. In this age of globalization, it seemed to me that Kant's enlightenment optimism was just what was needed as a philosophical grounding for ethical global capitalism. My first task in that chapter was to argue that capitalism rested on a set of moral imperatives- a market morality if you will. As capitalism spread throughout the world, the common morality would become more evident. We would see evidence of a universal morality in the marketplace. Specifically I predicted that there would be economic reasons why discrimination and bribery should decline, that trust and honesty among market participants in different cultures would increase. I cited empirical evidence that these trends had already begun. Later with my colleague Paul Vaaler, we developed a transaction cost economics argument in support of these trends.[35]

I also argued that ethical global capitalism could foster world peace, universal rights, and democracy. This view was widely held by enlightenment thinkers, especially Kant, but also Hume, Mill, and of course Adam Smith. This was also the time when Fukuyama's work on the end of history and trust was all the rage.[36] Two years after the book was published, 9/11 upended all these optimistic assumptions. The final chapter of the book was criticized as overly optimistic and unrealistic. More importantly it was criticized for having an essentially Western orientation and that as a result its claims about a universal morality of the market were suspect. Critics claimed that it also assumed a Western interpretation of human rights and democracy.

Am I guilty as charged? Political theorists have cited Kant with approval when they pointed out that democracies do not go to war with one another. I recall a number of discussions with colleagues at the University of Minnesota in the 1980s around this very point. That generalization seems to hold true.

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[35] Vaaler, Paul M. and Norman E. Bowie. (2010). "Transaction Cost Economics, Knowledge Transfer and Universal Business Norms in Multinational Enterprises," *International Journal of Strategic Change Management,* 2(4), 269–297.

[36] Fukuyama, Francis. (1992). *The End of History and the Last Man.* New York: The Free Press Macmillan, and Fukuyama, Francis. (1995). *Trust*. New York: The Free Press, Macmillan.

Recently I was able to read completely Thomas Friedman's important book *The World is Flat*. Chapter 14 is titled "The Dell Theory of Conflict Prevention," which is named after a view of Dell CEO Michael Dell. And what is that theory? Countries that are both part of a major global supply chain will not fight one another.[37]

If that generalization holds true, we can predict that the United States and China are less likely to go to war. China is no democracy so we cannot depend on that factor. But the economics still works in our favor. Economically we simply cannot afford it, as Friedman points out. Apparently this view is held by the CEO's of a number of major international corporations. And this argument is not limited to the US and China. See for example Craig Addison's "A Silicon Shield Protects Taiwan from China."[38] More than a decade after that article was written the shield holds. Of course just as 9/11 upset my optimistic assumptions about the reign of cosmopolitanism, so could a conflict erupt that results from a nation not a part of a major global supply chain waging a war of aggression on a country that is a member of a major global supply chain. An attack by Pakistan who is not a participant in the flat world against India which very much is a participant is one possibility. And then there are truly rogue states like North Korea. But as the world becomes flatter and the economies of the world become more intertwined, then a quotation from Kant that I used in Chapter 5 still rings true- at least with respect to the expense of war.

> In the end, war itself will be seen as not only so artificial, an outcome so uncertain for both sides, in aftereffects so painful in the form of an ever-growing war debt (a new invention) that cannot be met, that it will be regarded as a most dubious undertaking. The impact of any revolution on all states on our continent, so clearly knit together through commerce will be so obvious that other states, driven by their own danger but without any legal basis, will offer themselves as arbiters, and thus they will prepare the way for a distant international government for which there is not precedent in world history.[39]

Since 9/11 raises such questions about the future of globalization and the ability of countries and people to get along, it is worth confronting the elephant in the room-Muslim extremism. Not all Muslims are terrorists and not all terrorists are Muslims. However, a disproportionate number of terrorists are Muslims. Moreover, the condemnation of Muslim terrorists by other Muslims who should be vocal in saying that terrorism is a perversion of the Muslim faith has not been particularly vocal or widespread. Is the Muslim religion an impediment to global economic cooperation and mutual tolerance? Quite honestly I thought it was until I read Friedman's book.

Friedman made some important distinctions among Muslim countries that fit my application of Kant to the global scene quite well. Friedman pointed out that

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[37] Friedman, Thomas L. (2006). *The World is Flat*. New York: Farrar, Straus, and Giroux, 522.

[38] Addison, Craig. (2000). "A Silicon Shield Protects Taiwan from China," *International Herald Tribune*, September 29, 2000.

[39] Kant, Immanuel. (1784, 1963). "What is Enlightenment" in *On History*. Indianapolis: Bobbs Merrill, 23.

the country with the second largest Muslim population in the world is India (And Saudi Arabia is not number 2). As of 2005, not one of India's 150 million Muslims had been associated with al- Qaeda. To my knowledge that remains true in 2012. What is remarkable about that fact is that there have been serious tensions between Hindus and Muslims in India. What is the explanation? Friedman cites the secular, free-market, democratic features of India.[40] Muslim anger and thus the propensity to join terrorist organizations is focused in authoritarian societies. As Friedman also points out, many of these Muslim countries ruled in an authoritarian way have oil as their chief resource-something you dig out of the ground but do not make and then trade.[41] Many have written of the curse of oil while others have challenged the notion that having oil as your main resource is a curse.[42] It will be interesting to see what happens as these authoritarian regimes come under increasing pressure as we saw in 2011. As of this writing Mubarrak was ousted from Egypt, Kaddafi was ousted with NATO support from Libya and Syria teeters on civil war. Perhaps the version of the Muslim faith that is compatible with a global economy will prevail after all. In any case, Kant would not be surprised by the distinctions that Friedman pointed out.

It has been more than 15 years since I began the research which led to *Business Ethics*: *A Kantian Perspective*. Much has changed during those 15 years. There has been an explosion of scholarship on Kant's ethics. Political events have created a time of turmoil in the first decade of the twenty-first century that exceeds any turmoil during the last decade of the twentieth century. Despite this the main arguments and conclusions of the book stand. Indeed the new scholarship on Kantian ethics and the turmoil in the world only strengthen the arguments-especially the normative arguments and conclusions of the book.

Recently I have been delighted to learn that Wim Dubbink will write a full length book on business ethics based on a Kantian approach-*Commercial Life and the Retrieval of Morality*: *A Philosophical Introduction to Business Ethics*. In the preface he points out that the Kantian approach to business ethics has been out of favor because the critics of the Kantian approach have very outdated views of what Kantian scholarship is all about. I could not agree more.

Perhaps I will get an opportunity to publish a revised edition of the book and if I do, I know his insights will enrich that revised edition. But if I do not, let these remarks serve as my final thoughts on what I tried to accomplish when I wrote *Business Ethics a Kantian Perspective*.

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[40] Friedman, op.cit, 559.

[41] Ibid., 564.

[42] The former position is taken by Kashi, Ed. (2008). *Curse of the Black Gold*: *Fifty Years of Oil in the Niger Delta.* Brooklyn: PowerHouse Books and Mahmous A. El Gamal and Amy Myers Jaffe. (2010). *Oil Dollars, Debt and Crises The Global Curse of Black Gold*. New York: Cambridge University Press, while the latter position is taken by Luong, Pauline Jones and Erika Weinthal. (2010). *Oil is not a Curse: Ownership Structure and Institutions in Soviet Successor States*. New York: Cambridge University Press.

The New Generation of Scholars Applying Kant to Business Ethics

One of the more exciting developments in Kantian business ethics is the fact that a number of other scholars in addition to Wim Dubbink and Jeffery Smith have taken up the Kantian project. These scholars have produced a number of important papers and I am aware of a lot of research that is in the pipeline. Certainly an essay on contemporary Kantian business ethics needs to consider this work. Before considering some specific contributions by Kantian business ethicists, let me take note of some recent developments in Kant scholarship that have implications for business ethics in the twenty-first century.

Aristotle-Not Kant

Except for the post-modernists and the pragmatists who get a chapter of their own in this book, the biggest critics of the Kantian approach to business ethics come from the Aristotelians, including some of my friends, Ronald Duska, Joseph Desjardins, and the late Robert Solomon. One way to respond to my friends and their like minded colleagues is to show how their picture of Kant rests on misinterpretations of the Kantian text-misinterpretations that are now out of date. Another approach that I will develop briefly here is to show how several of the most distinguished scholars of Kantian ethics are arguing that Aristotle and Kant have much more in common than one might think. In other words it is not Aristotle vs. Kant or Aristotle or Kant but Aristotle and Kant. It is significant that three of the major Kantian ethics scholars Allen Wood, Barbara Herman and Christine Korsgaard have taken this line. Since Wood and Korsgaard/Herman have quite different interpretations of Kantian ethics, I find it interesting that all three of these Kant scholars are looking for ways to join Aristotle and Kant or at least to see some possibilities for connections. Marcia Baron has gone even further. In her 2003 Presidential address to the Central Division of the American Philosophical Association entitled "Manipulativeness,"[43] she says that she shows her Kantian colors but takes an Aristotelian approach. I will not comment further on Baron's address but I will say a bit about the work that Wood, Korsgaard and Herman are doing to bridge the gap between Aristotle and Kant.

As a foundation Korsgaard argues that for both Kant and Aristotle it is "the action that is either good or bad, noble or base."[44] Korsgaard goes so far as to say

[43] Baron, Marcia. (2003). "*Manipulativeness.*" Newark, DE: *Proceeding and Addresses of the American Philosophical Association*, 77(2), 37–54.

[44] Korsgaard, Christine M. (2009). *Self-Constitution*: *Agency*, *Identity and Integrity*. Oxford: Oxford University Press, 12.

that for both Aristotle and Kant the objects of choice are actions done for the sake of ends and that it is actions that are the bearers of moral value.[45] And Wood argues that Kant agrees with Aristotle that virtue involves desire for the right things and for pleasure and the avoidance of pain.[46] Wood points out that Kant shares many of Aristotle's views on the nature of virtue, including (1) A person is more virtuous the greater the inner strength of that person's will in resisting temptations to transgress duties, (2) virtue as acquired through practicing virtuous actions (3) that the typical temperament of virtue is joyous. In sum Wood maintains that for Kant and for Aristotle, the principle desires from which we act in being virtuous are *rational* desires.[47] In addition Korsgaard points out that she sees "no reason to doubt that Aristotle thinks that once the relevant features of the action are completely specified in its logos, it has the property of universality-that is, it would be the proper action for anyone in exactly the circumstances specified."[48] Finally, Korsgaard makes the following statement: "Kant has no more use for general rules than Aristotle does."[49] The notion that Kant's moral philosophy is a system of absolute rules as it was characterized by the late James Rachels rests on a misunderstanding of Kant. The categorical imperative is a test for proposed maxims of actions rather than a supreme principle from which rules of conduct can be derived. This point is made emphatically by Wood.[50]

Herman begins her previously mentioned book *Moral Literacy*, by arguing that Kantian ethics needs an account of moral character. Let me flesh out her view a bit more that I did earlier in this chapter. To do this, Herman wants to argue that the relation between desire and reason as motivating devices is much more complex than most interpreters have realized. Desires are not the simple things they are often pictured to be but are complex having evolved through social experience and having embedded within them a notion of the object of desired value. To this extent Herman is one with Wood in showing that the traditional picture of acting from duty is an oversimplified view. What Kantian reason adds to desire so understood is what Herman calls a deliberative field where the human agent can reflect on desire and determine whether seeking the object of desire is morally appropriate. Herman puts it this way:

"In an agent with a moral character, the motive of duty is *dispersed* in the motives that satisfy the constraints of the deliberative field."[51] As I indicated earlier, for Herman's Kant the good will acting out of duty, moral education, character and the virtues are all linked. And in any such linkage there must be a linkage between Kant and Aristotle.

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[45] Ibid., 18.

[46] Wood, op.cit., 145.

[47] Ibid., 146.

[48] Korsgaard, op,cit., 17.

[49] Ibid., 15.

[50] Wood, op.cit, Chap. 3.

[51] Herman, *Moral Literacy* 21.

Business ethicists cannot be experts or even read all the scholarship on all the great ethicists and also properly understand the business disciplines. I have some very practical advice for my colleagues. If you take the perspective of one of the great ethicists become intimately familiar with the scholarship on that figure. Then apply that scholarship to the domain of business ethics. Avoid at all costs spending time criticizing the research of other business ethicists who have taken a great ethicist different from your own as a foundation for his or her work. I give this advice because your criticisms will seem simple-minded and off the mark to those others who know the scholarship on their chosen ethicist. Quite candidly for once in my life I followed my own advice and have limited my criticism of other philosophers to business ethics pragmatists who have consistently challenged my attempt to use Kant as a foundation for a theory of business ethics. Ironically, in preparing my rebuttal I have come to accept R Edward Freeman's contention that I am more of a pragmatist than I thought. For more on the sense in which I am and am not a pragmatist, see Chap. 5.

Kantian Accounts of Corporate Social Responsibility

Although I have discussed corporate social responsibility on a number of occasions including *Business Ethics* co-authored with Ronald Duska and in *Management Ethics* as well as in Chap. 6 of this volume, I have never specifically used Kantian ethics as the ground for the discussion. Recently there have been two contributions to the discussion of corporate social responsibility. The first is by Jeffery Smith.[52] In *Business Ethics*: *A Kantian Perspective*, I had argued that a business organization should be viewed as a moral community and that managers had an imperfect duty of beneficence to their corporate stakeholders. However, I did not elaborate on just what that duty consists of and how extensive it is. In his "Corporate Duties of Virtue: Making (Kantian) Sense of Corporate Social Responsibility," Smith provides an argument to show that corporations have an imperfect duty of social responsibility. He does this through a careful reading of the Kantian texts on the duty of beneficence as well as some recent Kantian scholarship on that topic. As a result of that analysis Smith argues that "the duty of beneficence is a duty regarding how moral agents should deliberate about how to live". At the corporate level, then, the duty requires that managers "integrate concern for others in their commercial dealings." Integrating this concern into corporate decision making provides a rich account of corporate social responsibility. Smith's contribution is an important expansion of the Kantian project to a topic in business ethics that has not often been viewed from the perspective of a major ethical theory. I am unaware, for example, of an Aristotelian account of

[52] Smith, Jeffery. (2012). "Corporate Duties of Virtue: Making (Kantian) Sense of Corporate Social Responsibility" in Denis Arnold and Jared Harris (eds.), *Kantian Business Ethics*: *Critical Perspectives.* Cheltenham: Edward Elgar Publishing, 59–75.

corporate social responsibility. Smith's essay is solidly grounded in the Kantian text and Kantian scholarship while providing a clear and managerially sound account of corporate social responsibility. There is no separation thesis here. I am happy to concur with his analysis and the conclusions based on it.

Another paper on this topic is "A Neo-Kantian Foundation of Social Responsibility", by Wim Dubbink and Luc van Liedekerke.[53] Many have argued that corporations have a social responsibility to improve society. However, is this responsibility a moral duty or is it voluntary-something it would be nice for corporations to do? In *Business Ethics*: *A Kantian Perspective*, I argued the traditional Kantian line that there is a genuine imperfect duty to help improve society but there was great latitude in how often the duty was to be acted upon and on what actions the duty to improve society might actually require. In "A Neo-Kantian Foundation of Social Responsibility" the authors ground the morality of social responsibility in political theory-specifically in free market democratic liberalism. For them, Kant's political theory and the political philosophy of his neo-Kantian followers provide the ground, while I tried to derive the obligations directly from Kant's ethical theory. Dubbink and Liedekerke begin with Kant's distinction between the duties of Right and the duties of Virtue. The former are duties imposed by law and necessary for a civil society. The latter are requirements of virtue. Are the duties of virtue morally required? Is the requirement to help others mandatory? These scholars think that at least some set of the duties of virtue are required and if that is the case, there are duties of virtue that are required and duties of virtue that are voluntary. If I understand this argument correctly, it would mean that some specific imperfect duties would always be required just as perfect duties are. However, Dubbink and Liedekerke think that the focus on the imperfect/perfect distinction is not as helpful in making their point as the distinction between duties of Right and duties of Virtue. The issue for them is whether "individuals must independently acknowledge the full set of general rules, otherwise morality would no longer be about self-governance."[54] As I understand it, they argue that some duties of virtue are always duties in the sense that they must be considered when acting. In other words, whenever the executives of a company make decisions, the duty to consider how society is affected is always present. However, in some (many?), cases any duty to improve society is trumped by other considerations. I believe this approach has much in common with the general theoretic position of Barbara Herman in *Moral Literacy*.

In addition with respect to the content of the duty to improve society, Dubbink and Liedekerke, believe that these non voluntary duties of virtue are socially determined rather than determined by individuals acting independently and in isolation. After all the kingdom of ends is a social concept. This paper fits well with the renewed interest in Kant's political philosophy and his views on duty in the *Metaphysics of Morals.* It is also grounded in the work of contemporary Kant

[53] Dubbink, W. and L. van Liedekerke. (2009). "A Neo-Kantian Conceptualization of CSR," *Ethical Theory and Moral Practice,* XII(2), 117–136.

[54] Ibid., 130.

scholars particularly, as mentioned, the work of Barbara Herman. Although I am completing a paper that uses the traditional perfect imperfect distinction to specify what is required of corporations to help society, I find the Dubbink/Liedekerke approach to be innovative and thought provoking.

Another debate about corporate social responsibility is whether corporations can be held to be sufficiently like persons to be held morally responsible. Dubbink and Smith consider this issue from a Kantian perspective in their paper "A Political Account of Corporate Social Responsibility."[55] In this article Dubbink and Smith revisit an issue that has longed plagued business ethicists, Does a business organization have the necessary and sufficient characteristics of personhood so that it can be held morally responsible independently of any individual or individuals in the corporation. John Ladd and Manny Velasquez were among the early scholars who claimed that a corporation did not have those characteristics. However, in a series of articles, Peter French argued that a corporate internal decision structure did provide a sufficient analogy to human personhood so that a corporation could be held morally responsible.[56]

Dubbink and Smith propose a set of weaker conditions that would still allow us to speak of corporations per se of either taking or not taking ethical decisions into account. And surprising they appeal to Kantian theory to do so. I say surprisingly because Kant's theory of ascribing moral responsibility intuitively is very strict. They argue that we humans have reason to look upon corporations as administrators of duty. "Corporations are administrators of duty to the extent that citizens come to expect that the corporation will take into account a relevant set of moral principles when it renders a judgment or decision about what course of action to take."[57] For Dubbink and Smith, corporate moral responsibility is not about making moral judgments of praise or blame or even of being held accountable for legal sanctions. They note correctly that Kant's ethics cannot say much about that because, as Kant observed, it is very hard to determine a person's true motive. With that in mind what Dubbink and Smith need to show is that corporations per se have the ability to take into account moral factors in their decision making process. It should be noted that they accept as fact that corporations have a corporate internal decision making structures along the lines that French presented. The crux of their argument then seems to be as follows:

1. Corporations are capable of rational action planning. Observation and Corporate Internal Decision Making Structures
2. Corporations can act on reasons Observation

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[55] Dubbink, W. and J. Smith. (2011). "A Political Account of the Corporation as a Morally Responsible Actor," *Ethical Theory and Moral Practice,* XIV(2), 223–246.

[56] Ladd, John. (1970). "Morality and the Idea of Rationality in Formal Organizations," *The Monist,* 54(4), 47–60 and Velasquez, Manuel. (2003). "Debunking Moral Responsibility," *Business Ethics Quarterly*, 13, 531–562; French, Peter. (1979). "The Corporation as a Moral Person," *American Philosophical Quarterly*, 16(3), 207–215.

[57] Dubbink and Smith. "A Political Account of the Corporation as a Morally Responsible Actor," p. 233.

3. Corporations can act on moral reasons, because there is nothing special that distinguishes moral reasons from other kinds of reasons. Analogy
4. The moral reasons that a corporation must take into account are dictated by society Observation
5. 1–4 are sufficient to say that corporations are able to take ethical considerations into account in their decision making capacity.

What corporations cannot do is reflectively endorse the moral principles. Corporations are not persons to that extent. Later in the paper, Dubbink and Smith point out that it is one thing to adopt an ethical principle as a reason and quite another to justify that principle or the use of that principle in a particular case. Given their comments about endorsement, I assume they think that corporations cannot give justifications for principles. But I am not convinced here. Is it meaningful to speak of a corporation justifying a principle of finance, accounting or marketing? I think it is? Then why can't it give a justification of a moral principle as well. See premise 3 in the argument above. What I am arguing is that if the corporate internal decision-making structure is good enough to ground corporate reasons, it is good enough to provide justification for the reasons it adopts. Either a corporate decision structure works for both or it works for neither. The rub of course is that a corporation is not a conscious being so it cannot reflectively endorse. That, I suppose is why we have premise 4. But doesn't any kind of rational decision making presuppose either consciousness or something sufficiently analogous? I assume that the corporate internal decision structure is what is supposed to be sufficiently analogous. Whether the corporation internal decision structure is sufficiently analogous returns us to the original debate.

As to whether a company can also justify a moral principle if it can comply with a moral principle, Dubbink in correspondence responded as follows: You are right to argue that if a corporation can comply with a moral principle, it can also justify a moral principle-even if we would say that the actual work is done by human beings. Yet we would like to make a distinction between complying with moral principles, justifying moral principles, and grounding moral principles. Grounding is not justifying. It is more like "self-constitution" in Korsgaard's sense. That is an interesting move and the business ethics community should look forward to more elaboration on the importance of the distinction among these three concepts.

Let me return to the earlier issue of corporate personhood. Dubbink and Smith have tried to finesse the metaphysical question of corporate personhood be letting the moral principles be determined by society and thus eliminating the need for justification. In correspondence with Professor Dubbink on this issue, he stated that "We want to get away from ontology as far as possible. So what corporations are or are not is unimportant to us." However, from my perspective that simply makes the theory of corporate personhood too thin. However, my correspondence with Dubbink throws some additional light on this point. A corporation per se cannot constitute itself because corporations work through proxies (human agents). Thus, corporations are different from human agents. They are "administrators of duty." Upon further reflection, I think that Dubbink and Smith are really closer to the view of

Ladd and Velasquez than it might appear at first. Obviously there is great potential here to reopen the corporate personhood debate and the Dubbink/Smith Kantian twist is a genuine contribution to the debate.

Conclusion

I continue to believe as I said in *Business Ethics*: *A Kantian Perspective* that the great ethicists such as Aristotle, Kant, and John Stuart Mill have something important to contribute to applied ethics in general and to business ethics in particular. After all if ethical theory cannot be applied by people in their daily lives as they struggle with ethical issues, then we need to rethink whether in fact these ethicists really do have significant ethical theories. Of course these theories cannot be applied deductively and in the absence of a consideration of context and situation. Applied ethics is not simply a matter of reaching into the ethical theory tool box and picking the right theory to immediately fix an ethical dilemma. But an ethical theory can help especially once the ethical situation confronting a person or institution is fully examined. All these theories make important contributions but I continue to believe that Kant's ethical theory is the one that is most robust in business ethics. I am delighted that others find his work inspiring in that regard as well.