Chapter 5
Limitations of the Pragmatist Approach to Business Ethics

Background

Over the past 20 years, the most spirited conversations I have had about the appropriate foundation for business ethics are with the postmodernists and the pragmatists. It all began with my 1990 Ruffin Lecture talk at the Darden School the University of Virginia. It was there that I first introduced my initial thoughts on Kantian capitalism. I recall heated criticisms from the feminists, continental philosophers of many stripes and the pragmatists. We argued about whether we needed a foundation for business ethics, whether objectivity was possible in ethics, whether Kantian universal principles protected human rights or undermined them. People took sides and cheered on the spokespersons for their side. I came away from that conference knowing that the Enlightenment values that I resonated with and found in Kant were out of fashion and needed a vigorous defense. The lecture was published in 1998 as "A Kantian Theory of Capitalism" in a special issue of *Business Ethics Quarterly*.[1] Andrew Wicks, with whom I have had a spirited conversation on these topics over the years offered a reply.

As I indicated in Chap. 4, during this same 20 year period, a number of outstanding philosophers, many of whom were students of John Rawls interpreted, reinterpreted,

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The material on pages 2–7 of this chapter is as slightly revised version of material that was originally published as part of the longer article "Postmodernism, Business Ethics, and Solidarity," in *Applied Ethics in a Troubled World,* E Morsher et al. (eds) 1998 Kluwer Academic Publishers, pp. 179–193. Reprinted by Permission of Springer. Some additional material is from my review of *Stakeholder Theory*: *The State of the Art*, R. Edward Freeman, Jeffrey S Harrison, Andrew C Wicks, Bidhan L Parmar, and Simone de Colle, *Business Ethics Quarterly* 2012, V. 22 #1 pp. 179–198. The material included in this Chapter includes the section "The Methodology of Stakeholder Theory: Criticisms and Responses", pp. 182–183 and the first seven paragraphs of the section "Should Stakeholder Theorists Adopt a Pragmatist Methodology", pp. 183–184. Reprinted by Permission of *Business Ethics Quarterly*.

[1] Bowie, Norman E. "A Kantian Theory of Capitalism," *Business Ethics Quarterly*, Special Issue #1 (This Special Issue Does Not Have a Date attached), 37–60. Andrew Wicks' reply is "How Kantian a Kantian Theory of Capitalism?" is found on 63–75.

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and defended Kantian ethics. Christine Korsgaard, Thomas Hill Jr. Barbara Herman and Onora O'Neill all wrote impressive books that greatly influenced my own thinking. In the first decade of the twenty-first century three of these four scholars have produced second books that have built an even more sophisticated view of Kantian ethics-in part by building bridges between Kant and Aristotle. In addition to these Rawlsians, Allen Wood has provided his own interpretation of Kantian ethics that shares features with the Rawlsians but also departs from them in significant respects. It is fair to say that within philosophical circles these scholars have made Kant respectable again.

Unfortunately, few of my colleagues in business ethics have had the time to read this vast treasure trove of Kantian ethics scholarship. After all they had their own theoretical perspectives to keep current with. The downside of limited time however, is the fact that many criticisms of the Kantian project in business ethics rest on outdated views of Kant's position. In this Chapter, I will not review these criticisms that are based on outdated readings of Kant's ethical theory. I do spend some time in Chap. 4 "Kantian Themes" addressing some of these issues.

In this Chapter, I will move from the defense to the offense and criticize the pragmatist approach to business ethics. That approach is represented in philosophy by Richard Rorty and in business ethics by my colleague and friend R. Edward Freeman and by many of Freeman's students but especially Andrew Wicks. Note that I will not be responding to the feminist critiques of Kant and the Enlightenment nor to those Continental philosophers who see themselves as opponents to the Anglo-American analytic tradition. Before undertaking this task however, I must say that the conversation has become a lot less heated than it was in 1990. In 2009, during a special session of the Society for Business Ethics devoted to my research, Freeman argued that in many ways I was a pragmatist and should endorse the pragmatist approach to business ethics. Quite frankly Freeman made a number of good points and perhaps I am more of a pragmatist than I realize. Freeman's comments on that occasion and my response were published in a festshrift in late 2012.[2] A Kantian with pragmatist leanings or sympathies is less bizarre than you might think. Lewis White Beck, a Kantian if there ever was one, also admired the work of C. I Lewis, a pragmatist. However, I remain convinced that pragmatism has epistemological and normative difficulties that prevent me from shifting allegiances. Some of these difficulties came to mind when I read and reviewed *Stakeholder Theory*: *The State of the Art* written by Freeman and several of his former students and colleagues. Let this Chapter be a review of some of the difficulties I have with pragmatism as an approach to ethics and specifically to business ethics. I have organized the Chapter as follows: First I will provide selections from my "Postmodernism, Business Ethics and Solidarity."[3] That piece was primarily a critique of Rorty's

[2] Arnold, Denis and Jared Harris. (2012). *Kantian Business Ethics: Critical Perspectives*. Cheltenham: Edward Elgar Publishing.

[3] Bowie, Norman E. (1998). "Postmodernism, Business Ethics, and Solidarity" in E Morcher et al. (eds.), *Applied Ethics in a Troubled World.* Dordrecht: Kluwer Academic Publishers, 179–193.

Contingency, Irony and Solidarity[4] published in 1989. I will then consider Rorty's 2005 invited address to the Society for Business Ethics later published in *Business Ethics Quarterly* with excellent comments by Richard De George, Daryl Koehn, and Patricia Werhane.[5] I conclude with considerations on the conversations and publications by R Edward Freeman and his students over the past 20 years.

Rorty's *Contingency, Irony, and Solidarity*

Many of us who were in graduate school in the 1960s remember the tightly reasoned arguments for mind-body identity theory that Richard Rorty provided. It was my pleasure to get to know Rorty personally when I served as Executive Director of the American Philosophical Association and Rorty served for part of that time as Chair of the standing committee The Status and Future of the Profession. The philosophical community had great difficulty accepting Rorty's interest in postmodernism and his acceptance of pragmatism. He left the Philosophy Department at Princeton and took a position as University Professor of Humanities at the University of Virginia. After providing a summary of Rorty's position in *Contingency*, *Irony*, *and Solidarity*, I will argue that Rorty's emphasis on literature has led him astray in his epistemology. Although strongly influenced by Dewey, Rorty forgot that Dewey insisted that artistic creation was a doing and undergoing in response to an artistic medium. The artist usually cannot just impose his or her idea on the medium, the medium constrains what the artist can accomplish. Literature imposes the least constraints of any of the arts.[6] However, in sculpture or pottery the medium places severe constraints on what the artist can accomplish. This fact has been vividly driven home to me by the fortunate fact that I have been married for over 25 years to a master ceramic sculptor and have watched her test the limits of what you can do with clay and glass.

Contingency, *Irony and Solidarity* begins with a claim of radical contingency "…where we treat everything-our language, our conscience, our community-as a product of time and chance."[7] Rorty claims that Wittgenstein had adopted such a position with respect to language. Rorty believes that the acceptance of radical contingency undermines the notion of objective truth. "The truth cannot be out there-cannot exist independently of the human mind-because sentences cannot so exist or

[4] Rorty, Richard. (1989). *Contingency*, *Irony and Solidarity*. Cambridge: Cambridge University Press.

[5] Rorty, Richard. (2006). "Is Philosophy Relevant in Applied Ethics," *Business Ethics Quarterly,* 16(3), 369–380. Also in the same issue are replies to Rorty's argument. See, Richard De George, "The Relevance of Philosophy in Business Ethics," 381–389, Daryl Koehn, "A Response to Rorty," 391–399 and Patricia H. Werhane, "A Place for Philosophy in Applied Ethics," 401–408.

[6] Although literature does provide some constraints as Wim Dubbink pointed out in his review of this manuscript.

[7] Rorty, *Contingency and Irony*, 22.

be out there. The world is out there, but descriptions of the world are not."[8] Except for the emphasis on language, I frankly think that so far there is much in common with Rorty's position and Kant's position in the first Critique-an ironic turn of events. After all for Kant we can never know the world beyond our experience, the "selbst an sich". But then Rorty departs widely from Kant.

From this understanding of truth, Rorty goes on to paint a non-traditional picture of science. Science does not discover truth about the world. Rather, "great scientists invent descriptions of the world which are useful for purposes of predicting and controlling what happens."[9] Pragmatists are less interested in having science discover Truth and more interested in what science can accomplish to make life better for people through its methods to explain and predict. But Rorty is not content to leave matters here. He goes on to argue that even successfully invented descriptions that enable us to explain and predict do not get us any closer to truth.

Rorty claims there is no sense in which any of these descriptions is an accurate representation of the way the world is in itself. "…the world does not provide us with any criterion of choice between alternative metaphors, that we can only compare languages or metaphors with one another, not with something beyond language called fact".[10]

It is here that Rorty's argument seems invalid. Even if science is about inventing metaphors that enable us to explain and predict, it does not follow that the world does not provide criteria that enable us to compare metaphors. Some metaphors are successful at explaining and predicting and some are unsuccessful. What accounts for the difference? Surely nothing intrinsic to the metaphor. The difference results because some metaphors are more accurately in tune with the world or they come closer to picturing how the world is. If a scientific metaphor would have us approach the world as if the world contained contradictions, the metaphor would fail and the metaphor would fail because a world where explaining and predicting can occur is not a world where there can be contradictions. Perhaps science does not get us to truth with a capital T about the world, but unsuccessful scientific metaphors certainly tell us some things that are false about the world. Scientific metaphors which do not enable us to explain and predict do not get it right about the world.

If scientific language is metaphorical and not able to get us to objective knowledge about the world , it should come as no surprise that Rorty maintains that language about ourselves and about communities is similarly metaphorical and similarly unable to get us to truth. Ethical claims suffer the same fate. Rorty believes that it is wrong to be cruel, but he admits that on his view there can be no arguments for the belief. "For liberal ironists, there is no answer to the question "Why not be cruel?"-no noncircular theoretical backup for the belief that cruelty is horrible."[11]

There can be no argument because what counts as good reasons is historically and socially contingent on Rorty's view. It may not be too strong to say that such

[8] Ibid., 5.

[9] Ibid., 4.

[10] Ibid., 20.

[11] Ibid., xv.

radical contingency undermines the distinction between what is rational and what is irrational. For Rorty, it certainly seems to be the case that what count as rational is historically and socially contingent. Rorty abandons reason and argument in the traditional sense that reason provides objectivity, but he certainly does not end up in nihilism. Societies are bound together by common hopes and common vocabularies. But how do societies with different languages and different values communicate with and appreciate one another? Through the ability of imagination, especially the ability to imagine the humiliation that others feel when their vocabulary is not taken seriously.[12] If we are on the look out for "marginalized people" we can develop our imagination. As a result we forge a solidarity with others rather than recognize solidarity. Solidarity is made rather then seen.

I agree that solidarity is an important good and I think it is made although I also think it is seen. It is seen when we recognize another human being as a person in Kant's sense-a person who should be treated with respect and never used merely as a means. Rorty's use of imagination as a way of gaining solidarity strikes me as rather naïve. Compare Rorty to David Hume when Hume said that we care more about losing the tip of one of our fingers than we do about the starvation death of thousands in a far away land. Alas I think human history including contemporary history shows that Hume is a lot closer to the mark than Rorty. For my own part, I want to argue that solidarity is more readily created through trade and business relationships, for example. To evaluate this suggestion we will need to consider Rorty's specific remarks about business. First I want to suggest that Rorty's radical contingency results in part because he appeals to the wrong art form- to literature rather than ceramic sculpture.

Why Literature Misleads

Rorty emphasizes the creativity of interpretive metaphors but he ignores the constraints that a medium puts on the artist. As a result Rorty overemphasized the freedom that we have to interpret the world and consequently he finds more subjectivity and less objectivity than he would if he used a different art form as his metaphor. His appeal to literature might be expected from an intellectual who began his career as a linguistic philosopher and then became a professor of literature who engages primarily in literary interpretation. The writer of poems and novels works in a medium that puts few constraints on the artist. Often creative figures in literature enlarge the field by abandoning the conventional structures that constitute what makes a "good" poem or novel.

It might be useful to contrast the poet and the novelist with the sculptor and the potter. Marble and clay put many more constraints on the artist. These artistic media confine what can be said. There constraints occur at a number of levels. First, as is

[12] Ibid., 92.

true with any medium, certain things cannot be expressed. A novel can't sing and a sculpture can't dance. (Of course artists can try to create a novel that appears to sing or a sculpture that appears to dance.) Second certain ways of saying things are causally impossible in granite and clay. If the grain of the marble goes one way, the sculptor must work with the grain. The artist who decides to interpret her idea by "disobeying" the constraints imposed by the fault lines in the marble will not reinterpret the world. She will shatter the marble and that is a matter of objective fact. Similarly a potter cannot fire a wet clay figure. A potter who does not dry her clay sufficiently will not reinterpret pottery. She will have a figure that explodes in the kiln. An artist working in molten glass must anneal it properly or it will break. An artist who tries to speed up the process will not have a new work of art. She will have pieces of broken or shattered glass. Third, certain uses of the medium are universally not accepted. For example, a pot thrown on the wheel is either centered or not centered. No one instructs a student to throw a wobbly pot. A similar consideration arises in bronze casting. A final casting that does not look like the prototype is a failure. It is not seen as a new work of art. Fourth, most works of art are the result of the cooperative actions of the artist with the medium. A sculptor has an idea for carving a horse of a certain type with the head cocked just so and with the mane flying in the wind. The sculptor, unlike the poet who simply writes out her ideas, cannot just pick up a piece of marble and start creating the desired horse. The sculptor needs to pick out the right piece of marble, namely that marble that the artist believes can be sculpted into a horse. But selecting the right marble is not the end of the story. Once the sculpting process begins, the artist finds that she cannot carry out her ideas for the horse in the exact detail she had hoped. The marble will simply not accept all her original ideas in their detail. The sculptor is then forced by the medium to rethink her ideas. As the horse is sculpted, there is a continual transformation of the artist's ideas of what she originally wanted the horse to be. The master sculptor does not impose an idea on the marble. The master sculptor works with the marble to give birth to an idea that in a real sense is in part the marble's. Michelangelo eloquently describes this position as "liberating the figure from the marble that imprisons it."[13] As Aristotle might have said, the artist makes the potential within the marble actual. A piece of marble has the potential to be sculpted into a number of forms. But it cannot be sculpted into any form the artist wants it to take and the form that the marble takes is almost never simply a manifestation of the original idea of the sculptor. The sculpted piece is a cooperative result of the work of the artist and the potentialities of the medium.

The aesthetic theory that best captures what I have in mind is the theory of John Dewey-ironically an pragmatist hero of Rorty's. Dewey gives the medium a central place in his aesthetic theory. "The connection between a medium and the act of expression is intrinsic."[14] And the work of art that is created is the shared result of the interaction of the artist with the medium. "The painting as a picture is *itself a*

[13] As quoted in (1986) *History of Art*, 3rd ed. H.W. Janson (ed.). New York: Harty N Abrams Inc.

[14] Dewey, John. (1958 Originally published 1934). *Art as Experience*. New York: Capricon Books.

total effect brought about by the interaction of external and organic causes."[15] Aesthetic creation for Dewey is understood as having the same structure as any kind of experience. An experience is the result of a shared interaction between the knower who has the experience and the world that is experienced. The philosopher who ignores the world fails to understand the nature of experience. "There are therefore common patterns in various experiences, no matter how unlike they are to one another in the details of the subject matter. There are conditions to be met without which an experience cannot come to be. The outline of the common pattern is set by the fact that every experience is the result of interaction between a live creature and some aspect of the world in which he lives."[16]

What I am suggesting is that if we shift the metaphor from literature to sculpture or pottery, we can have a more robust notion of objectivity. Social institutions have a history but they cannot develop any old which way. There are constraints on what constitutes a society or an institution. As I have argued against relativism, with respect to basic norms, a society does not define morality; the existence of certain moral norms enables us to identify a society as such. If an anthropologist arrives on an island and the people on the north side of the island do not rape, pillage and kill others on the north side but they do rape, pillage and kill those on the south side of the island, you have two societies. You cannot have a society if people within it are permitted to rape, pillage and kill. So we need to look for those universals that transcend historical and social contingency.[17]

I have used this strategy of showing that ethical norms must be presupposed to explain the phenomenon in question in an analysis of capitalism itself, arguing that there are certain moral norms that must hold in a capitalist society if capitalist institutions are to thrive or even survive. And I have found Kantian moral philosophy to be useful in looking for those moral universals that must exist behind any capitalist system.[18]

Rorty's Address Before the Society for Business Ethics

In 2005 Richard Rorty was invited to address the annual meeting for the Society for Business Ethics. In that address he began with themes that were developed in *Contingency*, *Irony and Solidarity*. He questioned the notions of truth and objectivity in both science and ethics just as he had done in that book. He also remained focused

[15] Ibid., 250.

[16] Ibid., 43–44.

[17] Bowie, Norman E. (1997). "Relativism, Cultural and Moral" in Patricia H. Werhane and R. Edward Freeman (eds.), *Blackwell Encyclopedic Dictionary of Business Ethics.* Malden: Blackwell Publishing Inc, 554.

[18] Bowie, Norman E. (1994). "Economics and The Enlightenment: Then and Now" in Alan Lewis and Karl-Erik Warneryd (eds.), *Ethics and Economic Affairs.* London: Routledge, 348–366. This argument has subsequently appeared in a number of other articles.

on imagination and stated that he was more impressed with poetry than philosophy. 2006 is a long time since 1989. Rorty had been criticized for being a relativist and although as we saw above, he denied it, that denial hardly stopped the criticisms. In my opinion Rorty did little to put these critics to rest in his SBE address. Here are a few sample quotations:

> For what counts as justification, either of actions or of beliefs, is always relative to the antecedent beliefs of those whom one is seeking to convince. Anti-slavery arguments that we find completely persuasive would probably not have convinced Jefferson or Aristotle.
>
> Analogously the Mongol horde was perfectly justified in gang-raping the women of Baghdad, given their other beliefs.
>
> We are no closer to absolute justification for our moral beliefs than was Genghis Khan. We justify our actions and beliefs to each other by appealing to our own lights-to the intuitions fostered at our time and place. The Mongols did the same.[19]

All these quotations reflect the radical historical contingency that I discussed at the beginning. I cannot resist the temptation to point out that the historical evidence indicates that Jefferson as well as Madison and Monroe-especially Monroe were convinced by the anti-slavery arguments. All three had grave doubts about slavery even though they were slave owners. I would argue that on the historical record these founding fathers suffered more from a weakness of will. They did not think the pro slavery arguments were justified despite their other beliefs. It is somewhat surprising that a University Professor at the University of Virginia would get the history wrong.

One of my many criticisms of Rorty is that he confuses a psychological point with a logical point. Rorty says, "The Platonic idea that we can learn how to be morally infallible by seeking coherence among our beliefs survives in the Kantian idea that a Nazi or Mafioso, could if he reflected long enough, break out of the culture in which he was raised by detecting his own irrationality."[20]

Kant's point was a logical one not a psychological one. Kant believed that the categorical imperative provided a rational test for those who were perplexed by what they ought to do. Kant was as skeptical as Rorty regarding human nature's ability to rationalize and to fail to escape not only the bounds of his or her culture but his or her self-interest as well. What is surprising to me is how Rorty can justify his notion that there has been moral progress. He thinks we have made moral progress because we have invented new forms of human life. "Moral progress is not, on this pragmatist view, a matter of getting clearer about something that was there all the time. Rather we make ourselves into new kinds of people by inventing new forms of human life."[21]

First of all I see no way for Rorty to say that a new form of human life is progress. Are all the changes in moral attitude progress? The invention of the birth control pill arguably was progress because it liberated married people to greater enjoyment in their sexual life. But is the phenomenon of promiscuous hooking up

[19] Rorty, "Is Philosophy Relevant in Applied Ethics?" 371–372.

[20] Ibid., 372.

[21] Ibid., 373.

so common on college campuses progress? Second, suppose we concede that when slavery was predominant, it would be hard to convince someone in a slave holding culture that slavery was wrong. However, what about people who traffic in children today. Aren't the traffickers wrong, really wrong, regardless of what they believe?

Naturally Rorty's skepticism toward ethical theory and moral reasoning carries over to applied ethics and of course to the field of business ethics. He has much praise for Patricia Werhane's book *Moral Imagination and Management Decision Making* since as we have seen imagination is key in Rorty's view in both epistemology and ethics. He also praises Ronald Duska for "suggesting that the principal products of the business ethics community should be, on the one hand, inspiring stories of business heroes, suitably complemented by horror stories of business villains".[22] He also quotes with approval remarks by Laura Nash and Edwin Hartman that fit in with his views. Strangely from my point of view is the fact that he failed to mention the business ethicist R Edward Freeman whose views have been heavily influenced by Rorty and Freeman, in turn, has gone on to influence many students who hold a pragmatist position similar to his and who now teach at important universities.

Patricia Werhane does not accept Rorty's pragmatism and I do not believe Ronald Duska, who is much more of an Aristotelian, does either. I am much impressed by the work of those Rorty cites approvingly. However, in my opinion Rorty misses much that is important in business ethics. For example, my first question for Rorty would be, "What makes one a hero and what makes one a villain in business ethics?" I do not see that Rorty has any way of answering that question. Imagination per se is morally neutral. During the 2008 financial crisis, people used their imagination to devise all kinds of esoteric financial instruments that few people really understood. Was that use of imagination moral or immoral or perhaps amoral? How would Rorty go about answering that question?

We need to have more than imagination and stories about business heroes and villains. We need a vocabulary from ethical theory that enables us to tell those stories and that serves as a ground upon which moral imagination can work. The three colleagues who responded to Rorty's published address in BEQ all made this point in their own way.

Richard De George said, "What philosophers brought to the table that others had not was a systematic inquiry into our individual and collective moral experience in business." "Anyone who listens carefully to arguments and debates about public policy as well as about business and business practices will quickly see that the arguments typically refer either to consequences, or to rights, or to justice, or to human good and betterment. This is the language of moral discourse…"[23]

Daryl Koehn cleverly argues that Rorty's own position assumes that we are essentially rational beings. "It seems to me that Rorty also shows himself to be the kind of being for whom reason has motivating interests-if his self-respect did not

[22] Ibid., 377.

[23] De George, Richard T. (2006). "The Relevance of Philosophy to Business Ethics: A Response to Rorty's 'Is Philosophy Relevant to Applied Ethics?'" *Business Ethics Quarterly,* 16(3), 385, 386.

demand coherence, he would not be so concerned to maintain it in his writings."[24] Koehn also points to empirical work that shows that conceptualization may be more universal than Rorty imagines.[25]

Patricia Werhane makes a point similar to what I was trying to make with my artistic metaphors. There is something out there that constrains what we can experience. "…we cannot get at the data of our experience except through experiencing. But ordinarily, except when we are hallucinating, dreaming, or mentally ill, we do not create the whatever that we perceive."[26] Werhane also goes on to cite Adam Smith who invoked a justice (actually a sense of injustice) as something of a moral universal held by human kind.[27]

I think all these comments are on the mark and fit well with some of the points that I have made regarding Rorty's pragmatic view. Some of the arguments in Rorty's address really were not about pragmatic methodology but rather about whether philosophy or philosophers trained in ethical theory had anything special to offer business ethics. De George is surely right in saying that they do and the quotation cited above provides the kind of evidence that we need. In his response Rorty seems to agree. Most of us agree with Rorty that applied ethics including business ethics is a cooperative enterprise with many other disciplines. I note the importance of the social sciences and now the science of cognition. But historians, poets, literature, and I would add the arts all have roles to play.

Everyone agrees that history and culture influence the moral views that we have. Rorty argues that given where people stand in a history and culture, we cannot say that their views about a moral issue were wrong then. But I wonder. Let us consider the argument over segregation of the races in the United States. There are still a number of us alive who experienced that issue. Some of us were even active in bringing about change. Rorty would argue that we integrated the schools because we were better able to imagine what it was like to be a Black child in an inferior school. But that is not what happened. The change in attitude of the segregationists who did change came much later- years and years after the 1950s and 1960s. What brought about change was a Supreme Court that used data to show that "separate but equal" was not equal. What made the change happen faster were the brave African Americans and their white allies who argued that racial discrimination was wrong. Now one can understand how a person growing up in the segregated South in the 1950s would not be convinced by argument. But that is a psychological point not a logical point. The fact was that segregated schools were separate and unequal and that inequality that was based simply on the color of one's skin was wrong.

Secondly, Rorty has a set of beliefs about what constitutes as good society. He thinks that a non slave society is better than a slave society-really better. Ditto with

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[24] Daryl, Koehn. (2006). "A Response to Rorty," *Business Ethics Quarterly,* 16(3), 393.

[25] Ibid., 395.

[26] Werhane, Patricia H. (2006). "A Place for Philosophers in Applied Ethics and the Role of Moral Reasoning in Moral Imagination: A Response to Rorty," *Business Ethics Quarterly,* 16(3), 406.

[27] Ibid.

a society that recognizes the rights of gays and lesbians.[28] The test for Rorty is what would happen if democracies were replaced by totalitarian societies. Would he think that history had changed and that the democrats were not wrong when democracy was considered to be the morally best form of government? I would suspect that if the world were totalitarian Rorty would still believe that democracy was a better form of government and I think Rorty would be right. It is worth pointing out that there is nothing inevitable about the survival of democracies. What would Rorty say if the conservative social right were able to tip the scale against marital rights for gays and lesbians? I dare say he would think that such changes were a regression away from a better society. Rorty sounds persuasive because he endorses the changes that many of us would say represent moral progress. He then closes his response to his critics by pointing out that someday it may be historically true that we no longer believe it is morally permissible to eat animals since they are not allowed to eat humans. Better treatment of animals even if we are not vegetarians is something most of us hope will come about. However, we think that our treatment of animals, the way chickens are raised for example, is wrong. Rorty ironically seems inflicted with the Enlightenment values of moral progress and optimism. He also seems "liberal" in not wanting to blame those who lived in different historical times. Perhaps he is right about not wanting to blame. After all Kant was not much into blame either. However, it is one thing to think that people in the past should not be blamed. It is quite another to think that their moral views about slavery or the domination of men, or discrimination against gays and lesbians were right. The test is to ask what would the pragmatist like Rorty say if history reversed? By the way there are some pretty good novels that describe possible worlds of totalitarianism and discrimination. And of course there are religious fundamentalists like the Taliban who would bring such changes about if they ever got the power to do so.

Rorty's direct contribution to business ethics is extremely limited. The truth is Rorty might properly be described as a democratic socialist. He was no fan of capitalism and I think he held the "Business sucks" view that R Edward Freeman thinks we should reject. Be that as it may Freeman clearly thinks the Rorty was right on some of the bigger questions of epistemology and ethics. However, in business ethics, Freeman is the central figure and it is worth pointing out that he is a convert. It is also worth pointing out that Freeman is a libertarian pragmatist. Rorty was not. No discussion of pragmatism in business ethics would be complete without discussing Freeman's views.

The Pragmatism of Ed Freeman and Some of His Students

As I indicated above, the pragmatist who has had the most influence on business ethics is R. Edward Freeman. Since his own pragmatist vision is so prominent in the field and since he has influenced so many doctoral students, it is even more important

[28] Rorty, op.cit., 413.

to come to grips with his version of pragmatism than it is to dissect Rorty's. Moreover, Freeman's version has a positive core about how business is to be managed on pragmatic grounds. Rorty always had a strong suspicion of capitalism in general and of business in particular. Freeman has been careful to avoid the "business sucks" story and to advance a pragmatist agenda for the successful and ethical manager.

The latest and most complete statement of Freeman's position is found in *Stakeholder Theory*: *The State of the Art* That book was written by Freeman and several of his students now colleagues. (Freeman was always exceedingly generous in co-authoring work with his students.) In that book the authors state explicitly that they look at stakeholder theory from the perspective of pragmatism. Let us see how Freeman and his colleagues put pragmatism to work in business ethics.

This book explicitly urges stakeholder theorists to adopt a pragmatist methodology. What would such a methodology look like?

> Pragmatists see the goal of inquiry as generating insights that help us to lead better lives…. In thinking about usefulness, the pragmatism of Wicks and Freeman encompasses two dimensions simultaneously: the epistemological (is it useful in terms of providing credible, reliable information on the subjects at issue?) and the normative (is it useful in making our lives better?).[29]

Despite its widespread intellectual and managerial acceptance, stakeholder theory has been subject to two main criticisms that have never been definitely answered in the literature. First, who is to count as a stakeholder? Second, how is it possible to manage (balance) all those stakeholder interests? For years, I have been pressing Freeman to provide his answers to these questions. Freeman promised me that *Stakeholder Theory*: *The State of the Art* would provide the answers. On first glance, I thought that the promise was unfulfilled. Relatively speaking, there are only a few pages in that book that address those questions.

Upon reflection, however, I realize that Freeman's answer to the questions is provided in large part by the pragmatic methodology adopted. I think Freeman would argue that if one is a pragmatist the objections lose much of their bite and may even dissolve.

Since there are a variety of business organizations and since any business finds itself in a variety of situations, who counts as a stakeholder depends on the situation. I believe that Freeman's answer to the first criticism or question, "Who counts as a stakeholder?" gets a pragmatic answer. There is no one "true" definition. Who counts as a stakeholder depends on the business and the issue it faces. Normally, of course, we can assume that employees, customers, suppliers, and the local community are stakeholders. In a publicly held corporation, the stockholders are stakeholders. But NGO's and government regulators could also be stakeholders in certain situations. The authors put it this way: "However, one way to think about the role of the definitional problem is to return to the pragmatic perspective when thinking about

[29] Freeman, R. Edward, Jeffrey S. Harrison, Andrew C. Wicks, Bidhan L. Parmar, Simone DeColle. (2010). *Stakeholder Theory*: *The State of the Art*. Cambridge: Cambridge University Press, 75.

the issues involved. Rather than seeing the definitional problem as a singular and fixed, admitting of one answer, we instead can see different definitions serving different purposes."[30]

As for the second questions, how are interests of the relevant stakeholders to be balanced, Freeman et al. say the following: (emphasis theirs)"**A stakeholder approach to business is about creating as much wealth as possible for stakeholders**, **without resorting to trade-offs**."[31]

This question emerges again on pages 224–226. Here the authors simply point out that many of the biggest and most successful companies in fact practice stakeholder theory. The proof is in the pudding so to speak.

Should Stakeholder Theorists Adopt a Pragmatist Methodology?

My answer to that question is qualified. I remember my undergraduate professor defining pragmatism as a theory that says "one should believe and do whatever works." However, he quickly added that pragmatism has no theory of what works.

However, Freeman does have a theory of what works and it is closely related to Rorty's pragmatic account that Freeman quotes approvingly. What works for a business is what creates and promotes value specifically the values of freedom and solidarity.

But why those values? Why not the maximization of wealth as Friedman recommends? Can the pragmatist deny all foundationalism without ending in relativism? That is the danger although Freeman and his colleagues think they can avoid it. Freeman specifically rejects the relativism that comes with much of the anti-positivist approaches to science. "Anti-positivists elevate the human-ness of all inquiry, even that based in science, but it undercuts our ability to tackle the questions of values and meaning by making all points of view equally valid and any effort to establish a "better" or "best" narrative little more than a power grab."[32]

However, the social scientists in business schools would be suspicious of the view of science espoused in *Stakeholder Theory*: *The State of the Art*. The four central ideas of a pragmatist epistemology that Freeman and his colleagues endorse are (1) "the world is 'out there' but not objective", (2) "facts and sentences are intertwined", (3) all inquiry is fundamentally interpretive or narrative (4) "science is a kind of language game." "…Science is simply one more tool that can provide us with a set of narratives that can be incredibly useful as we sort out how to live well."[33] All this has a terribly subjective ring to it. What is required is some theory of objectivity even if it is not the objectivity of traditional science.

[30] Ibid., 211.

[31] Ibid., 28.

[32] Ibid., 74.

[33] Ibid., 73–74.

Unfortunately the book provides no account to overcome the suspicion. There are hints. One appears on page 74 that some kind of intersubjective agreement is being endorsed. This brings to mind Habermas and from American political science, the theory of "deliberative democracy." Unfortunately there is no intersubjective agreement on what it means to live well. And I see no way pragmatism can provide such a theory on its own. Freeman can appeal to freedom and solidarity. But what can a pragmatist like Freeman say when an opponent says that conformity to religious dogma rather than freedom of conscience is what it means to live well?

One of the standard functions of ethical theory is to tell us what it is to live well. A theory of living well is most explicit in Aristotle but it can also be garnered from philosophers like Kant and Rawls as well as from feminist moral theory. Freeman and his colleagues would endorse these theories as capable of providing a moral core for stakeholder theory. Indeed Freeman himself has been linked to a Kantian core, a Rawlsian core, a feminist core, and a libertarian core. If the only function of an ethical theory is to provide a normative core for stakeholder theory, then the emphasis of Chap. 7 on business ethics might make sense. I think most philosopher business ethics who have worked on ethical theory without explicit ties to stakeholder theory will feel that something is missing from the discussion and it is more than the fact that these business ethicists get hardly a mention or no mention at all. This is the only chapter in the book where there is little or no mention of several of the major players in the field under discussion. Fair enough if Freeman and his colleagues see the various ethical theories as simply providing different normative cores for stakeholder theory. If that is the case, then I think Freeman and his colleagues underestimate the value of ethical theory. What if these ethical theorists present an answer or answers to the pragmatists central question-namely a justified theory of what it means to live well? A terrorist state defending a religious orthodoxy is not simply an alternative narrative of how to live well. It is an incorrect or unjustified theory of how to live well. Ethical theory provides more than a normative core for a pragmatic view of stakeholder theory; it provides a justified account of what it means to live well and thus a justification for Freeman's values of freedom and solidarity.

In 2009 I was honored to have a session at the annual meeting of the Society for Business Ethics devoted to my research. Freeman was one of the speakers and he made a fairly persuasive case that I was (could be) a pragmatist. I do think social context and history matter. But within this contextual and historical milieu I think one must appeal to an ethical theory that can ground one's view of living well. A Kantian endorses both respect for persons and a community of moral persons bound by rules that are publicly advocated. A Freeman pragmatist focuses on freedom and solidarity. At the heart of Freeman's stakeholder theory is the principle of responsibility. At the heart of Kant's philosophy are freedom and autonomy and thus of responsibility. Are there significant differences here? I wonder. As a libertarian, Freeman certainly accepts the centrality of freedom and autonomy as the essence of his pragmatic account. I also think Freeman and his pragmatist students would endorse respect for persons and community under publicly advocated rules as well. If these values are the core of pragmatism than I guess Freeman is right. I am a pragmatist. However, I add to this pragmatist position the claim that Kantian

moral philosophy provides a good justification for these pragmatic values. Indeed Kantian ethics is one way for those pragmatic values to be justified.

Freeman wants to get beyond old philosophical assumptions about language and reality and of being limited by "the trifecta of ethical theory, deontology, consequentialsim, and virtue, as the only way to frame problems." I don't disagree. As he intimates, I personally find the Kantian narrative a useful one but it is not the only one and certainly not the one and only true one. Kant's theory of what it is to be a human being worthy of respect may be limited. Some business practices that a Kantian theory might seem to endorse may not be the right ones. Certainly I do not envisage a Kantian business ethics as a rulebook for voting "yes" or "no" on specific practices. My central goal has been to tie Kantian theory to the actual business world-to show that Freeman is right when he says we should avoid the separation thesis. At his point in time with our knowledge from organizational behavior and strategy as to what constitutes good management practice, I want to argue that Kantian ethical theory is a pretty good fit.

Concluding Thought

Any argument about what is really right or good has to have an end point. Pragmatism either seems not to have an end point (whatever works) or it has an end point in terms of hope, freedom, solidarity, democracy etc. I want a foundation for these values. So I appeal to respect for persons, for example. But what if someone argues, "Why should we respect people?" That is a fair question and Kant tried to answer that question by appealing to rationality and autonomy. Kant argues that each of us believes that we have a dignity and are entitled to respect. To be a creature that has dignity and is entitled to self respect requires that one be an autonomous person. An autonomous person is free not only from responding mechanically to the laws of nature but positively free in the sense of being able to follow laws of ones own making. The formal condition for law in this sense is the categorical imperative. Being able to govern one's actions by the categorical imperative requires that one be a responsible person. Thus there is a conceptual link among autonomy, rationality, and responsibility. A creature so characterized is a creature with dignity and deserving of respect. Since each of us thinks of our self in this way, we must think of all other persons like us in this way and treat them as persons with dignity and entitled to respect. To do otherwise is to be irrational. Kant put it this way

> Rational nature exists as an end in itself. Man necessarily thinks of his own existence in this way, and thus far it is a subjective principle of human actions. Also every other rational being thinks of existence on the same rational ground which holds also for myself, thus it is at the same time an objective principle from which, as a supreme practical ground, it must be possible to derive all laws of the will.[34]

[34] Kant Immanuel. (1990, Originally published 1785). *Foundations of the Metaphysics of Morals.* New York: Macmillan, 36.

If this seems like a trick, another way to approach the issue is by a transcendental argument. A transcendental argument finds a premise that everyone accepts and then asks what must be true if that accepted premise is true. That is the strategy of Alan Gewirth.[35] Gewirth attacked the problem by pointing out the presuppositions of human action. Human action is purposive and each of us thinks that his purpose is good. Gewirth then asks what are the necessary conditions for human action? The necessary conditions for any human action are freedom and well-being. Without freedom and well being human beings cannot act and thus they cannot achieve their purposes. Since freedom and well being are necessary conditions for human action, humans claim that they have a right to them. If a person claims that he or she has a right to freedom and well-being then logically he or she must claim that other persons have a right to freedom and well-being as well. This is a logical point similar to the point that Kant makes in the quotation above.

Of course not everyone finds these arguments convincing but the only way to avoid the conclusion other than by being irrational is to show weaknesses in the arguments. I find those stopping points in the Kantian tradition more robust and rationally compelling than saying "whatever works" or "freedom and solidarity." If we should respect people because that is what logic requires when we want people to respect us (and we must), all a critic can say is "Why should I be rational?" But the question presupposes rationality. And what if someone refuses to accept the transcendental premise or the dictum to be rational with providing a rational argument for his or her position? Unfortunately the two remaining alternatives seem to be "live and let live" or fight. The former ends in relativism and the latter, which regrettably being the one humans have seemed to embrace, ends in war-a very dangerous solution at this point in history. And on that point I think Kantians and pragmatists would agree.

[35] Gewirth, Alan. (1978). *Reason and Morality.* Chicago: University of Chicago Press.