

# Corporate Executives: Disasters and Moral Responsibility

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**ABSTRACT.** In his article "The Moral Responsibility of Corporate Executives for Disasters", John Bishop has argued that we are justified on moral considerations for holding corporate executives responsible for disasters resulting from corporate activities, even in circumstances where they could not reasonably have been expected to possess the information necessary to avert these disasters. I argue that he is mistaken in this claim.

In a recent paper, John Bishop has explored the question of whether corporate executives can be held morally responsible for disasters.<sup>1</sup> His thesis is that they cannot be held responsible for acts of God, i.e. events which are beyond human control and could not reasonably be foreseen, nor for actions which are not performed on behalf of the corporation, but that they can be held responsible both in instances where they possessed the information needed to prevent the disaster and in instances where, although it was not personally available, the necessary information was possessed by company personnel.

Bishop's claim that corporate executives should not be held accountable for 'acts of God' nor for actions which are not performed on behalf of the corporation seems uncontroversial, as does his claim that corporate executives should be held accountable in cases where they possessed the information needed to prevent the disaster, but

failed to act on it. What is controversial is his claim that corporate executives can be held accountable in instances where, although they did not personally possess the information needed to avert disaster, such information was in company hands. It is to this latter claim that he devotes the bulk of his attention and upon which he focuses his argument.

*Prima facie*, the view that corporate executives can be held accountable for disasters, even in the absence of the information needed to prevent them, seems to run counter to Kant's commonly accepted dictum that ought implies can. It seems to make no sense to hold individuals responsible for preventing events they had no way of anticipating or preventing.

It might be replied that we often hold individuals responsible for fulfilling tasks they are incapable of performing. Intoxicated drivers, for example, are held morally culpable for failing to drive safely, even though it is clear they are incapable of doing so. Cases like this do not, however, refute the claim that ought implies can, since the only reason we hold the drunk driver morally culpable is that, although it is not within his power to drive safely once intoxicated, it was within his power not to become intoxicated. They do suggest the possibility that, at least in some instances, we may legitimately hold corporate executives responsible for disasters they lacked the information to prevent. All that is required is that the corporate executive was in a position to acquire the relevant information and could reasonably be expected to have done so.

I think this latter argument has merit and that it refutes the facile claim that a corporate executive's ignorance of the information needed to prevent a disaster is never morally culpable. It will

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not, however, serve Bishop's purposes. He wants to hold that, so long as the necessary information was possessed by anyone within the company, the corporate executives of that company can be held accountable for the disaster. He also wants to hold that it is not always reasonable to think that corporate executives are, or could be, in a position to obtain such information. He notes in this regard that the phenomenon of 'negative information blockage', the stifling at source or by intervening management of information regarding the riskiness of a corporation's plans, is characteristic of even well-run companies. He thinks that this phenomenon is inherent in any system of business and occurs even when senior executives have demanded that such information be sent on to them.<sup>2</sup>

How, then, does it make any sense to hold that, even in the absence of the information needed to prevent a disaster, a corporate executive is always and inevitably to be held accountable so long as the requisite information was possessed by someone within the company? It is one thing to claim that a corporate executive's ignorance is no excuse in instances where she could reasonably be expected to have such information; it is quite another to suggest that she be held accountable even in instances where she could not reasonably be expected to have obtained it.

Bishop's answer is that we must distinguish between moral and professional responsibility. He notes that there are many instances where we hold individuals not simply accountable for doing their best, but for actually succeeding. Thus a cabinet minister may feel compelled to resign when a policy fails, even though he may be innocent of any wrongdoing or moral laxness.<sup>3</sup>

He maintains that the concept of professional responsibility is relevant "when the outcome of a professional activity is of great concern to a person or people other than the person doing the activity [and] it especially applies if the outcome is of concern over and above any contract the professional has with some other person, or if the outcome is of great concern to bystanders."<sup>4</sup> He cites the example of an engineer designing a bridge, suggesting that the engineer's responsi-

bilities go far beyond refunding her fee if the bridge collapses.<sup>5</sup>

Under these criteria, he argues, we are justified in holding corporate executives professionally responsible for failing to obtain the information necessary to prevent disasters. The question of whether or not they tried to obtain the necessary information is germane to the issue of whether they are morally culpable, but irrelevant to questions of professional responsibility. He concludes that, since corporate executives not only have a moral obligation to seek to avoid disasters but a professional obligation to be successful in avoiding disasters, we are justified in holding them responsible on moral considerations.<sup>6</sup>

The concept of professional responsibility is interesting and deserves further exploration. It will not, however, bear the weight of Bishop's argument. There are at least three reasons this is so.

First, if as he insists, professional responsibility must be distinguished from both legal and moral responsibility,<sup>7</sup> it is difficult to see how invoking the notion of professional responsibility can support the conclusion that, in cases where corporate executives are not morally culpable for lacking the information necessary to prevent a disaster, we are nevertheless "justified in holding them responsible based on moral considerations."<sup>8</sup> How, if the corporate executive is not morally culpable, do moral considerations enter the picture?

His answer is that, although professional responsibility must be distinguished from moral responsibility, part of a corporate executive's professional responsibility is to fulfill certain moral requirements. He comments that

Executives . . . have a moral responsibility to ensure that their activities do not result in the deaths of others if that result can be prevented. . . . They have a professional . . . responsibility . . . not just to do their best, but to actually succeed in preventing avoidable disasters. The latter grows out of the former in the sense that executives have a professional responsibility to succeed in fulfilling their moral responsibilities.<sup>9</sup>

It may be agreed that one of a corporate executive's professional responsibilities is to fulfill

certain moral obligations and that one of these is to do his best to avoid disasters. Let us suppose, however, that, despite a corporate executive's best efforts, he is not successful in obtaining from company personnel information that could have prevented a disaster. On what grounds can we judge him as failing to fulfill his professional obligation? Certainly not on the grounds that he has failed to fulfill the moral requirements built into his professional responsibility, since all that morality requires is that he have done his best to avoid the tragedy.

Bishop might be inclined to insist that "although normally a person only has a moral responsibility for trying to avoid immoral results, . . . [in the case of a corporate executive] a person has a professional responsibility in fulfilling the underlying moral responsibility."<sup>10</sup> But what is required to fulfill this underlying moral responsibility? Bishop wants to suggest that it is actually avoiding avoidable disasters. The problem is that what is avoidable by one person in a certain set of circumstances may be unavoidable by another, or even the same, person in a different set of circumstances. A disaster which is avoidable if certain information is passed on to a corporate executive may be unavoidable if that information never reaches her. Whether or not that information ever reaches her is, in many instances, beyond her ability to control. Her moral responsibility is to make every reasonable effort to be in possession of the information needed to prevent disasters; it is not actually to possess information she cannot obtain. Any judgement that she has failed to meet her professional obligation in such instances is grounded not in the fact that she has failed to meet the requirements of morality, but in the insistence that executives be successful in what they undertake. It is a mistake, therefore, to claim that moral considerations can justify the claim that, so long as the information needed to avert a disaster was possessed by someone within the company, we can always hold its corporate executives responsible.

We have seen that any decision to hold corporate executives responsible for obtaining information they could not reasonably have been expected to gather must be based not on moral considerations, but on purely non-moral aspects

of professional responsibility. This brings us to a second problem in Bishop's argument. The issue is not whether as a matter of fact we hold corporate executives legally or professionally responsible in certain situations, but whether we are morally justified in doing so. Put a little differently, our interest is in whether present notions of legal and professional responsibility need to be altered to fit the requirements of morality. Bishop's claim that corporate executives should be held professionally responsible for disasters, even in cases where they could not reasonably be expected to acquire the information needed to prevent the disaster, is a normative claim not about how in fact professional responsibility is presently understood, but how it should be understood. The understanding of professional responsibility it advocates should only be accepted if we find it acceptable to hold individuals morally responsible for events over which they had no control.

The problem, as he notes early in his paper, is that we do not hold people responsible for events over which they have no influence or control. If there are instances in which individuals are held professionally responsible for events beyond their control, this is an indication that we should reform our understanding of professional responsibility, not that we should abandon our basic moral intuitions.<sup>11</sup>

A third problem for Bishop's position is that, in the final analysis, the notion of professional responsibility is parasitic upon the notion of moral responsibility. Initially, this does not seem the case: ascription of moral responsibility for a disaster can only occur if the individual was lax in taking efforts to avoid it, ascription of professional responsibility makes no such requirement. Things are not so simple, however. No one would want to hold corporate executives professionally responsible for disasters resulting from 'acts of God', yet if professional responsibility does not require moral culpability why should such events be excluded. It seems clear that if no one could reasonably have been expected to have acquired the information necessary to have prevented a disaster we could never be justified in holding a corporate executive professionally responsible for its occurrence.

I suspect that what drives the notion of professional responsibility is that in complex situations it is very difficult to judge accurately degrees of moral culpability. Questions of whether all reasonable steps were taken to prevent a disaster and whose responsibility it was to take those various steps are notoriously hard to answer. Given the human tendency to pass the buck, it is useful to have a practical rule that, in cases where it may possibly be doubted that he took all reasonable steps to prevent the disaster, a corporate executive be judged as failing in his professional duties, even though it is far from clear that he is actually morally culpable. Should it become clear, however, that he did take all reasonable steps to prevent the disaster and that he is in no way morally culpable, it also becomes clear that he cannot be held professionally responsible.

We have seen that professional responsibility derives from moral responsibility. Any ascription of professional responsibility for a disaster implies that there is at least the possibility of ascribing moral culpability for its occurrence. Bishop is therefore mistaken in thinking that questions of professional responsibility can be treated independently of questions of moral responsibility.

I have been attacking Bishop's view that corporate executives can be held accountable for disasters so long as the information necessary to prevent the disaster was possessed by company personnel on the basis that it does not do justice to the fact that in many instances it is unreasonable to expect a corporate executive to obtain such information. My own view is that, although it is often difficult to say whether a corporate executive could have done better in seeking to obtain the information necessary to prevent a disaster, we cannot sever the notion of professional responsibility from the notion of what can reasonably be expected. It is no easy matter to say what can reasonably be expected in the way of acquiring such information, but unless we attempt to do so the notion of professional responsibility becomes morally monstrous.

Two practical comments are in order. First, if it behooves us to be cautious in blaming corporate executives for disasters, it also behooves us to be cautious in attributing to them a company's

success. The idea that a company's success should automatically be attributed to its corporate executives and that this justifies extremely high salaries and bonuses seems no more defensible than the suggestion that they should automatically be blamed if disasters occur. It seems far more likely that both the attribution of blame and credit should be spread more evenly through the corporation.

Second, there is a moral obligation on the part of corporate executives to know their capabilities and limitations. Even if one is doing one's best, one may be acting immorally if one insists on acting in an area where one knows oneself to be less qualified or competent than the job requires. A corporate executive is morally required to assess both the impact of her decisions and her competency in making decisions. A humble heart and a desire to act only in areas one knows oneself effective scarcely guarantee the avoidance of disasters, but they are a good beginning.

## Notes

<sup>1</sup> John D. Bishop: 1991, 'The Moral Responsibility of Corporate Executives for Disasters', *Journal of Business Ethics* 10, 377-383.

<sup>2</sup> Bishop, pp. 380-381.

<sup>3</sup> Bishop, pp. 381-382.

<sup>4</sup> Bishop, p. 382.

<sup>5</sup> Bishop, p. 382.

<sup>6</sup> Bishop, p. 382.

<sup>7</sup> Bishop, p. 381.

<sup>8</sup> Bishop, p. 382.

<sup>9</sup> Bishop, p. 382.

<sup>10</sup> Bishop, p. 382.

<sup>11</sup> Bishop slips very quickly from the observation that professional responsibility is often understood in a fashion that holds individuals accountable for events over which they had no control to the position that such a concept of professional responsibility is morally acceptable. The question of whether he has fallen victim to the naturalistic fallacy arises.

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