Corporations, Persons, and Moral Responsibility

Two central and obscurely interrelated questions in business ethics are the following: (1) is it conceptually possible to hold corporations morally responsible for their actions (including their products and services) and (2) are corporations full-fledged moral persons? My view is that a proper answer to both questions is “No.” It is not conceptually kosher to ascribe moral responsibility to corporations, nor are they full-fledged moral persons, partial moral persons, or even merely moral agents.

The position I am advocating has some rather formidable opponents, including Professors French, Donaldson, Goodpaster, and Matthews. Thus, a goodly part of what I shall have to say by way of defending my position is directed toward discrediting theirs. With respect to the question of moral responsibility, all of these thinkers believe, for their different reasons, that it makes sense to ascribe moral responsibility to corporations. With respect to the question of personhood, however, there is some diversity. French believes that corporations are full-fledged moral persons, while Donaldson stops short of this, claiming instead that some corporations are merely moral agents. Goodpaster and Matthews’s position on the question of personhood is somewhat ambiguous, vacillating between a position centered on personal autonomy and mere agency.

Let us begin with the position which Goodpaster and Matthews develop in a joint paper entitled “Can A Corporation Have a Conscience?” In that paper they claim that “[a] corporation can and should have a conscience. The language of ethics does have a place in the vocabulary of an organization.” Furthermore, they claim, “[o]rganizational agents such as corporations should be no more and no less morally responsible (rational, self-interested, altruistic) than ordinary persons.” This last claim would
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seem to indicate that they think of corporations as full-fledged moral persons. However, when they go on to inquire into whether or not it is "meaningful to apply moral concepts to actors [i.e., corporations] who are not persons but who are made up of persons," it sounds as though they regard corporations as something less than full-fledged moral persons. Perhaps the problem here is merely that the word "persons" is itself ambiguous. Maybe their question is whether it is meaningful to apply moral concepts to actors who are not biological persons but who are made up of biological persons. This interpretation gains plausibility from the fact that they used the personal pronoun "who"—"actors who are not persons"—in formulating their question. If this is the correct construal of their view, then they believe, along with French, that corporations are indeed full-fledged moral persons. Leaving this question aside, let us go on to examine how Goodpaster and Matthews claim to have established the legitimacy of attributing moral responsibility to corporations.

Their method is to isolate certain features belonging to individual (biological) moral persons in contexts where moral responsibility is ascribed to such persons, and then "to project" these ascriptions to organizations possessing these same features. The essential features which they isolate are rationality and respect. Here's their argument:

If we can say that persons act responsibly only if they gather information about the impact of their actions on others and use it in making decisions, [i.e., only if they act rationally and respectfully,] we can reasonably do the same for organizations. Our proposed frame of reference for thinking about and implementing corporate responsibility aims at spelling out the processes associated with the moral responsibility of individuals and projecting them to the level of organizations. This is similar to, though an inversion of, Plato's famous method in the Republic, in which justice in the community is used as a model for justice in the individual.

Hence, corporations that monitor their employment practices and effects of their production processes and products on the environment and human health show the same kind of rationality and respect that morally responsible individuals do. Thus attributing actions, strategies, decisions, and moral responsibilities to corporations as entities distinguishable from those who hold offices in them poses no problem. Again, the careful reader is met with difficulties when it comes to interpreting Goodpaster and Matthews's position, as stated in the preceding quotation. Is their "method of projection" intended as a deductive argument or is it intended as an argument from analogy? No matter, in either case there are serious flaws to be reckoned with. If their argument is intended as a
deductive one, then it amounts to nothing more nor less than the fallacy of affirming the consequent. In arguing that we can say that individual (biological) persons act responsibly only if they are rational and respectful, and, therefore, we can do the same for organizations does not establish that rationality and respectfulness are sufficient conditions for ascribing moral responsibility. Thus, the argument does not establish that organizations, even if they are rational and respectful, are proper subjects of responsibility ascriptions. On the other hand, if the argument is construed as an argument from analogy, then its force is seriously weakened. This is especially true since the analogical principle upon which the argument (so interpreted) apparently turns, namely, the principle that "if a group can act like a person in some ways, then we can expect it to behave like a person in other ways," is far too general to support the conclusion that corporations are moral persons or agents, i.e., that they are fit subjects of ascriptions of moral responsibility.

For these reasons, I believe it is fair to conclude that Goodpaster and Matthews's explication of corporate moral responsibility, given in terms of their "method of projection," fails to establish the legitimacy of ascribing moral responsibility to corporations. We do indeed ascribe such responsibility to individual (biological) persons, and, yes, such persons are both rational and respectful, but it has not been demonstrated that rationality and respectfulness constitute sufficient conditions for making such ascriptions. Nor is the analogical principle upon which the argument is said to turn sufficiently precise to establish Goodpaster and Matthews's conclusion. Let us turn, then, to the views of Professor Thomas Donaldson concerning this question of ascribing moral responsibility to corporations.

As noted earlier, Donaldson denies that corporations are full-fledged moral persons: he believes, rather, that they are merely moral agents:

To be a moral agent, something must have reasons for what it does, not simply causes for what it does, and for something to be a moral agent, some of those reasons must be moral ones. Obviously, corporations are unable to think as humans, but they can employ reasons of a sort, and this is shown by the fact that they can be morally accountable.⁶ This account of moral agency comes perilously close to begging the question: corporations are moral agents because moral agents utilize moral reasoning, and corporations utilize moral reasoning because they are moral agents, that is, because "they can be morally accountable." But the question of whether corporations can be morally accountable just is the question in dispute! Furthermore, Donaldson's account of corporate moral agency rests not only upon the problematic reasons/causes distinction but upon the debatable claim that corporations intelligibly can be said to employ reasons.
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But, waiving these concerns, let us go on to see how Donaldson develops his account of corporate moral responsibility. He argues that as moral agents corporations have both direct and indirect moral obligations. Direct moral obligations are those that corporations have to their employees, stockholders, customers, suppliers, and so on. Indirect obligations are those that corporations have to society at large. In order to explicate the nature of these indirect obligations, or social responsibilities, Donaldson imagines a state of individual production, a state devoid of productive organizations, where each individual ministers to his own and only to his own needs. Now, asks Donaldson, what would be the justification for introducing productive organizations into the state of individual production? Donaldson cleverly invokes an economic version of social contract theory to illuminate this justification. "The simplest way of understanding the social contract is in the form 'We (the members of society) agree to do X, and you (the productive organization) agree to do Y.' " Now the question is, what are the values of X and Y? The value of X, what the members of society are to give to the productive organization, is legal recognition of the productive organization, authority to own or use land and natural resources, and authority to hire employees. The value of Y, what the productive organization is to give to the members of society, is summarized by saying that the productive organization promises to maximize consumer and employee benefits while minimizing consumer and employee drawbacks. Since the interests of consumers and employees are sometimes at odds with each other, Donaldson proposes that the social contract be augmented with an adequate theory of justice. The important point for our purposes is, however, Donaldson's claim that "[c]orporations considered as productive organizations exist to enhance the welfare of society through the satisfaction of consumer and worker interests, in a way which relies on exploiting corporations' special advantages and minimizing disadvantages. This is the moral foundation of the corporation..." And it is this moral foundation, together with the claim that corporations are moral agents, which provides the conceptual grounds for ascribing moral responsibility to corporations. If a corporation lives up to its obligations, then it behaves responsibly; if it fails to live up to its obligations, then it behaves irresponsibly.

As much as I admire Donaldson's ingenuity and clarity of expression, I cannot accept his explication of corporate moral responsibility, and not only because he has failed to convince me that corporations are moral agents, but because I cannot divest myself of the belief that merely saying that something is so doesn't make it so. Merely saying that the raison d'être of corporations is to enhance the social welfare doesn't make it so! Perhaps the justification for the existence of corporations is, rather, based on the claim that people have natural rights, such as life, liberty, and property, as well as
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constitutionally guaranteed legal rights, such as association. These rights might serve as justification enough for the existence of corporations. In fact, corporations brought into existence on such grounds might indeed have some of the social benefits cited by Donaldson, but such social benefits might be the merely foreseen but unintended consequences of such corporations. So, while corporations might have these desirable social effects, these effects do not constitute the justification for the corporation’s existence. Nor do they constitute a moral basis for ascribing moral responsibility to corporations. In short, Donaldson’s analysis merely assumes what it must prove.

What now of Professor Peter French’s position? French argues that corporations are “full-fledged moral persons and have whatever privileges, rights and duties as are, in the normal course of affairs, accorded to moral persons,” and because of this it is proper to ascribe a moral responsibility to them. French’s argument is complex and clever. He claims that something is a moral person if it is a Davidsonian agent; something is a Davidsonian agent if it is the subject of a responsibility ascription of the second type; a responsibility ascription is of the second type if it asserts that the subject intentionally caused an event in question and it implies that the subject is accountable for the event because of an existing relationship to other agents. In the case of ascriptions of moral responsibility, a reciprocal relationship of moral accountability obtains among all members of the moral community. So, if it can be shown that corporations are Davidsonian agents, it follows that they are persons. But how are we to show that corporations are Davidsonian agents? “For a corporation to be treated as a Davidsonian agent,” says French, “it must be the case that some things happen, some events are describable in a way that makes certain sentences true, sentences that say that some of the things a corporation does were intended by the corporation itself.” But is this possible? When the board of directors of Corporation X vote for some action with the intention of benefiting the corporation, can this event be redescribed as Corporation X voting for the action with the intention of benefiting itself? According to French, such redescriptions are possible. He explains this possibility by what he calls Corporate Internal Decision Structures (CIDS).

Every corporation has an internal decision structure. CID Structures have two elements of interest to us here: (1) an organizational or responsibility flow chart that delineates stations and levels within the corporate power structure and (2) corporate decision recognition rule(s) (usually embedded in something called “corporate policy”).

Furthermore:
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When operative and properly activated, the CID Structure accomplishes a subordination and synthesis of the intentions and acts of various biological persons into a corporate decision. When viewed in another way... the CID Structure licenses the descriptive transformation of events, seen under another aspect as the acts of biological persons (those who occupy various stations on the organizational chart), to corporate acts by exposing the corporate character of those events.

In brief, then, "when the corporate act is consistent with an instantiation or an implementation of established corporate policy, then it is proper to describe it as having been done for corporate reasons, as having been caused by a corporate desire coupled with a corporate belief and so... as corporate-intentional." Thus are corporations alleged to be Davidsonian agents, i.e., full-fledged moral persons, capable of exercising moral responsibility.

What is wrong with French's argument? I believe there are several difficulties, but chief among them is that he has failed to establish that corporations are Davidsonian agents, i.e., that corporations can be said to have intentions. He has said that when the corporate act is consistent with company policy, then it is a corporate-intentional action. But this seems to me to be false: simply acting in accord with company policy is not sufficient for concluding that the action was corporate-intentional. (One is reminded here of Kant's distinction between acting in accordance with the moral law and acting out of respect for the moral law.) In general, a goal-directed action is not the same as a goal-intentional action. Suppose, for example, that my goal is to kill the president. There is a man walking in front of me on the street whom I take to be the president. I pull out my gun, carefully aim it at him, and pull the trigger. Well, as you might have known, the man I have taken to be the president isn't the president. Furthermore, just as I discharge my weapon that man disappears around the corner of a building, but lo and behold, the president, himself, appears around the same corner only to be struck and killed by my bullet. Now such an action would be goal-directed, i.e., consistent with my goal of killing the president, but it would not be goal-intentional, i.e., I did not intend to shoot the man who was shot. Or, to take another less logically complex example, suppose the management of some corporation decides to purchase some AT&T stock. However, due to a clerical error, IT&T stock is purchased by mistake. Now suppose that this mistake proves to be consistent with the corporation's policies and goals. Are we to conclude, then, that the purchase of IT&T stock was a corporate-intentional act? I think not. As with the presidential example, simply because this action is consistent with corporate policies or goals, it does not
follow that the action was an intentional action. I conclude from such counter-examples as these that French has not demonstrated that corporations have intentions; and therefore he has not demonstrated that they are Davidsonian agents; and therefore he has not demonstrated that they are persons; and therefore he has not demonstrated that they are subjects of responsibility ascriptions of the second type. I, therefore, reject his account of corporate moral responsibility along with the accounts of Goodpaster, Matthews, and Donaldson.

Each of these attempts at making intelligible the sense in which moral responsibility can be ascribed to corporations is ingenious. Nevertheless, I believe that the whole undertaking is ill-conceived, and it is ill-conceived for two reasons. First, it is a mistake to think that corporations can be assimilated into the community of moral persons. Second, even if such a thing could be done, it would not be desirable to do so. Let us address each of these topics, in turn.

There are two insurmountable conceptual obstacles standing in the way of granting moral personhood to corporations. The first is that it is not possible to impose moral sanctions on corporations as corporations. We can blame and punish the people who own, manage, and otherwise work for the corporation, but we cannot blame and punish the corporation itself. Professor John Danley sums up this objection very aptly when he says:

*The corporation cannot be kicked, whipped, imprisoned, or hanged by the neck until dead. Only individuals of the corporation can be punished. What of punishment through the pocketbook, or extracting compensation for a corporate act? Here too, the corporation is not punished, and does not pay the compensation. Usually one punishes the stockholders who in the present corporate climate have virtually no control over corporate actions. Or, if the corporation can pass on the cost of a fiscal punishment or compensation, it is in the end the consumer who pays for the punishment or compensation. If severe enough, hitting the pocketbook may result in the reduction of workforce, again resting the burden on those least deserving, more precisely, on those not responsible at all.*

The second insurmountable obstacle to admitting corporations into the moral community is their lack of capacity to reciprocate morally. In other words, while it may very well be in a corporation’s self-interest to promote moral virtues such as honesty, truthfulness, and company loyalty in its employees, it is conceptually barred from nurturing such moral virtues in itself. John Ladd has argued persuasively, I believe, that the language-game of rational decision-making for industrial corporations, at least, has no space for making these or any other moral moves. According to Ladd’s analysis,
the corporate manager who decides, for example, to spend more than the law or public pressure demands for cleaning up the environment, or who hires the hard-core unemployed when more productive workers could have been hired at the same wages, or who decides not to lay off long-time employees with low productivity figures—such a manager is making a personal decision, not a corporate decision. Such a decision is irrational from the corporation's point of view. Furthermore, such a manager is not likely to be retained by the corporation, if found out.

If the arguments of Danley and Ladd are correct—if corporations are impervious to moral sanctions and punishment and if corporations really do lack a capacity for moral reciprocity—then it certainly strains the notion of moral personhood to admit them to the moral community. For my part, I believe Danley and Ladd are correct. And I believe, therefore, it would be a conceptual mistake (category mistake?) to admit corporations to the moral community. But, perhaps I am wrong; it wouldn't be the first time. Ought we, therefore, to ignore their froggy warts and admit corporations as princely persons after all? I think not; for if we cannot bar their admittance on conceptual grounds regarding personhood, we can do so on consequentialist grounds.

People who argue in favor of admitting corporations to the moral community are arguing for a revision in our concept of moral personhood. How ought we to evaluate such a proposal? Certainly one of our prime concerns ought to be with the consequences of accepting the proposal. What would those consequences be? On the face of it, the proposal would have the effect of assigning to corporations all of the rights, privileges, duties, and obligations accorded biological persons. However, as we have seen, things aren't this simple. There is the difficulty (or impossibility) of administering blame and/or punishment to corporations and the difficulty of justly exacting remorse and/or compensation from them. There is, too, the reciprocity issue. So, admitting corporations to the moral community would confer rights and privileges upon them commensurate with those enjoyed by biological persons, but their actual duties and obligations would be considerably less than those imposed on biological persons. So what do we moral persons have to gain by admitting corporations into the moral community? Nothing. And what do we have to lose? A lot. For we would be obligated to treat corporations with the same moral concern we now extend to biological persons, but we could expect corporations to reciprocate in kind only if doing so were dictated by some preceding cost-benefit analysis. That is to say, not at all, for if moral concern is to be extended to us, it cannot be the result of some analysis concerning the costs and benefits of doing so. The application of cost-benefit analysis to the question of whether one should be moral has the consequence of reducing morality to mere prudence.
The result would be bifurcated moral community: biological persons operating at the level of morality, corporations operating at the level of prudence. Thus, on the grounds of this consequentialist argument, I again demur on the question of admitting corporations into the moral community.

Where does all of this leave us with respect to morally evaluating the actions, products, and services of corporations. Are we forever barred from saying things like "Nestle's marketing practices in the Third World were immoral," "Lockheed's payments to certain Japanese were immoral," and so on? And can we not act to see to it that the probability of such activities occurring in the future is reduced? Not at all; we can still say such things, and we can take appropriate actions. But we must be clear about what it is that we are saying and doing. We are not saying that Nestle, or Lockheed, the abstract objects, acted immorally. We are saying that certain people in those organizations acted immorally. And when we act to curtail such future actions, we are not operating on a moral entity. Rather, we are operating on an amoral entity, for corporations themselves are neither moral nor immoral.

I agree with both Ladd and Danley when they say that corporations are best viewed—for the purposes of morality—as machines, not as organisms, and certainly not as persons. And, just as society does not allow individuals or groups of individuals to use machines in just any old way they please, so society ought not let individuals or groups of individuals to use corporations in just any old way they please. They must be regulated via the political process. Of course, we all remember Plato's point in the Republic about the Herculean legislators cutting off the heads of the Hydra, and there is a lot of truth to that point: morality cannot be legislated entirely. Legislation never has and never can be a substitute for a moral people. There is, then, ample room left for business to interface with morality, but it must do so at the level of individuals, not at the level of corporations. I believe that the real threat which corporations bring to a moral society resides in the anonymity they afford to individuals operating in the corporate setting. I conjecture that the higher the anonymity quotient, the lower the accountability quotient and, therefore, the lower the individual's impetus to behave morally. This is a nasty feature which corporations share with other bureaucracies and with mobs.

If what I have said above is at all close to the truth, then it seems that there are three things that can be done to raise and maintain the moral atmosphere in which corporations function. First, corporations ought to strive as far as possible for internal personnel structures that ensure maximum personal accountability. Second, society ought to make the most of every opportunity to encourage business people to operate ethically at work just as they do at home. And third, corporations must be closely regulated by governmental agencies out of a concern for the politically defined social good.
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Notes


2 Ibid.

3 Ibid., p. 153.

4 Ibid., emphasis added.

5 Ibid.


7 Ibid., p. 42.

8 Ibid., p. 54.


10 Ibid., p. 115.

11 Ibid., p. 116.

12 Ibid.

13 Ibid., p. 117.


Corporate Moral Responsibility: A Reply to Professor Gibson

According to Roger Gibson in his article "Corporations, Persons, and Moral Responsibility," two "central and obscurely interrelated questions" are:

(1) Is it conceptually possible to hold corporations morally responsible for their actions?
(2) Are corporations full-fledged moral persons?

Gibson is partly right. These are two central questions in the debate over the moral status of corporations. But it is not too difficult to see how they are interrelated. For instance, if we convert (1) and (2) from questions to statements then one relation between them is:

(3) If corporations are moral persons/agents, then corporations are morally responsible.²

(3) is certainly important in the debate over the morality of corporations. If it is true, then all we would need to establish is

(4) Corporations are moral persons/agents

in order to conclude via modus ponens,

(5) Thus, corporations are morally responsible.

And (3) is quite plausible. If a moral person/agent is (roughly) a person/agent with the capacity for acting on moral reasons, and if corporations are moral persons/agents, then surely they are morally responsible. The more crucial question is whether (4) is true.

Gibson considers and rejects three arguments that are intended to show that (5) is true—one of which, at least, hinges on the truth of (4). We will comment briefly on Gibson's rebuttals. They do not seem to us to be entirely successful.
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Of course, even if they are successful, they do not serve to establish Gibson’s main point. He believes that (5) is false, and no mere attack on arguments designed to support (5) will help him prove that. A more direct attack is needed, and this leads us to the second relation between (1) and (2):

(6) If corporations are morally responsible, then they are moral persons/agents.

Assuming (6) is true, all we need to establish is

(7) Corporations are not moral persons/agents

in order to conclude via modus tollens,

(8) Thus, corporations are not morally responsible.

In support of (7) Gibson invokes the authority of arguments given by John Danley and John Ladd. We agree that (7) is true but not because of the arguments by Danley and Ladd. Toward the end of the paper we will consider whether (6) is true. In our view, it is not. That is, we will argue that corporations are morally responsible, but are not moral persons.

There is one other aspect of Gibson’s paper that we will comment on. He argues that even if corporations cannot be “conceptually” barred from moral personhood, we ought to bar them anyway on consequentialist grounds. But more of that later. For now, let us turn to Gibson’s comments on the arguments for (5).

The first argument he considers is given by Goodpaster and Matthews. They use the “method of projection” to argue that corporations “should be no more and no less morally responsible . . . than ordinary persons.” As we understand it, their argument is basically this:

(9) If corporations exhibit the same components of morally responsible behavior that persons do, then it is meaningful to project moral responsibility onto corporations.

(10) If it is meaningful to project moral responsibility onto corporations, then they are morally responsible.

(11) Corporations do exhibit the same components of morally responsible behavior that persons do.

(12) Hence, corporations are morally responsible.

The components of moral behavior in question are rationality and respect. As Gibson correctly points out, rationality and respect are only necessary conditions for morally responsible behavior. Hence to argue from the fact that corporations exhibit such behavior to the conclusion that they are morally responsible commits the fallacy of affirming the consequent. And that is the mistake Gibson believes Goodpaster and Matthews make.
However, if we understand their argument as suggested above, then no such fallacy is committed.

Moreover, our interpretation brings out what may be a problem with their argument. The problem concerns premise (10). Perhaps this is what Gibson is getting at as well in his suspicions over their use of analogy. Sometimes we meaningfully attribute certain behaviors to things only as a manner of speaking; that is, we speak of them as if they behaved in the manner in question. For example, we say that the goal the wasp has when she paralyzes the caterpillar and buries it with her eggs is to provide them with a source of food when they hatch. It is meaningful to attribute such goals to the wasp, but it is only a manner of speaking. Wasps, as far as we know, have no concept of the future, and hence have no goals and no goal-seeking behavior.

The same may be true of corporations. It may be useful or appropriate or meaningful to attribute morally responsible behavior to corporations as a manner of speaking, just as it is meaningful to attribute goal-seeking behavior to the wasp, and yet the corporation not be morally responsible, just as the wasp does not have goals. What we are suggesting, in short, is that Goodpaster and Matthews have given us no reason to suppose that (10) is true. And some argument is required. Otherwise to speak of corporate moral responsibility may be simply a façon de parler.

It may be, however, that Goodpaster and Matthews are not saying anything so strong as (10) at all. That is, it is possible that they are not using the method of projection to argue for corporations being morally responsible, but are instead suggesting that the method of projection allows us to observe corporations in ways that we might otherwise have overlooked. Furthermore, when we project moral language of persons onto corporations, we discover that such language is not only meaningful on that level, but also that it poses no more problems than it does on the individual level. If this is what Goodpaster and Matthews are doing, then obviously they are not offering a proof, either deductively or analogically, for corporate moral responsibility. Rather they are offering a moral window through which to better see corporations for those who already hold them to be morally responsible. If this is the case, then Gibson's arguments against their method of projection are simply off the mark.

Gibson next considers Donaldson's argument for corporate moral responsibility. We confess we find his criticisms of Donaldson confusing rather than instructive. His main criticism appears to be: "Donaldson's analysis merely assumes what it must prove." But it seems to us that Donaldson does not simply assume that corporations are morally responsible. He develops a sophisticated social contract theory which both explains and justifies the existence of corporations and has the consequence that
certain corporations are morally responsible. That is, corporate moral responsibility is implied by the social contract theory, but it is not presupposed or assumed as one of the premises of the theory.

Gibson also claims that "merely saying that the *raison d'etre* of corporations is to enhance the social welfare doesn't make it so!" 5 But here again Donaldson doesn't merely say this. His social contract theory is the justification for it. If Gibson were to give reasons for rejecting the entire notion of a social contract theory, or if he were to try to show in detail that Donaldson's theory does not successfully accomplish what Donaldson hoped it would, then we would have some basis for discussion. But he does neither of these things. He has several complaints about Donaldson's theory, but as far as we can see, no arguments against it.

The next argument Gibson considers is Peter French's attempt to prove (4). He argues that French does not succeed because he does not show that there are corporate-intentional acts, but only that there are corporate-directed acts. Gibson distinguishes between these two kinds of acts by means of the following sort of example: Suppose Jones intends to shoot Smith but misses and unintentionally shoots Brown instead. Then Jones' act of shooting Brown is goal-directed but not goal-intentional. Hence, goal-directed actions are not the same as goal-intentional actions. And in similar fashion, corporate-directed actions are not the same as corporate-intentional actions.

We are rather puzzled by Gibson's example, for it seems to imply that there are goal-directed actions only if there are intentional actions. Jones's shooting Brown is a goal-directed action because Jones intentionally tried to shoot Smith and intentionally pulled the trigger in his attempt to do so. Goal-directed actions only occur in the presence, so to speak, of goal-intentional actions. If this is right, then it suggests that corporate-directed actions only occur in the presence of corporate-intentional acts. Thus, instead of showing that French is wrong, it seems to us that Gibson reinforces French's argument.

In addition to this argument against French, Gibson offers two other arguments against (4) based on the work of Danley and Ladd. We take it these are also arguments against (5). First, although we can blame and punish people, we cannot, according to Gibson and Danley, do the same for corporations. They "cannot be kicked, whipped, imprisoned, or hanged by the neck until dead." 6 And financial punishment hurts stockholders, workers, or consumers, not the corporation.

We are not at all convinced by this argument. Corporations can and have been fined millions of dollars for corporate wrongdoing. And if stockholders and workers are affected, this is not at all surprising or necessarily unfair since they, along with management, are part of the corporation. There are
also surely ways to prevent the financial burden from being passed on to consumers. The courts and government, for example, might forbid a corporation from raising its prices for a certain period of time, if the competitive market itself did not prevent this from happening. Furthermore, it would seem that an option of corporate capital punishment is even available whereby the society revokes a corporation’s charter and eliminates its right to exist.

Second, according to Gibson and Ladd, corporations “lack the capacity to reciprocate morally” and hence should not be admitted into the moral community. Corporations are by their very nature rationally unable to consider things from a moral point of view, so the argument goes, because they are established solely to pursue goals of profit-making. Moral goals are simply not a part of their conceptual machinery.

But why not? To say that corporations are by definition or by design incapable of moral concerns comes dangerously close to begging the very question at issue—namely, what is the nature of a corporation, or more specifically, can a corporation pursue moral goals? To answer this requires some argument which Gibson does not provide. In fact, wasn’t it Gibson himself who said that “merely saying that the raison d’etre of corporations is [something] doesn’t make it so!”

We see no necessity in defining or conceiving corporations in the Gibson/Ladd way. We find no conceptual obstacles to corporations having moral concerns as part of their goal structure; and if corporations do not have moral goals, they are capable of changing or enlarging their present goals to include them. We are not saying that profit is not or should not be a primary corporate goal; we are simply saying it need not be the only goal. Ironically Gibson himself seems to agree, when at the end of his paper he speaks of things that can be done to raise the “moral atmosphere in which corporations function.” He says “corporations ought to strive as far as possible for internal personnel structures that ensure maximum personal accountability.” Is this not a moral goal for which Gibson is urging corporations to strive?

Gibson admits that he might be wrong in buying into the arguments of Danley and Ladd, but states that even if he is, there is still a “consequentialist” argument strong enough to bar corporations from admittance into the moral community. The argument is straightforward:

(13) If the disadvantages to us of admitting corporations into the moral community outweigh the advantages, then we ought not to do so.
(14) The disadvantages do outweigh the advantages.
(15) Hence, we ought not to admit corporations into the moral community.
We have three comments about this argument. First, if it is true, as French argues, that corporations are moral persons, then (13) is false. If corporations are moral persons, or at least like them in the morally relevant aspects, then we must treat them as such regardless of the disadvantages.

Second, Gibson presents little or no evidence for (14). He claims we have a lot to lose because we would have to treat corporations with the same moral concern we give to persons, but "we could expect corporations to reciprocate in kind only if doing so were dictated by some preceding cost-benefit analysis." This leads to what Gibson calls a "bifurcated moral community" where people operate morally and corporations operate prudentially. But this argument is nothing more than a restatement of the Ladd argument, namely that corporations lack the capacity to act according to moral goals—an argument about which Gibson admitted he might be wrong. Gibson puts forward his consequentialist argument, (13)–(15) above, assuming the falsity of the Ladd position, then turns around and offers the Ladd position as his only evidence for the truth of (14). This he cannot logically do. And, in any case, we have already stated our misgivings of this Gibson/Ladd position based on our failure to see why corporations cannot operate according to moral goals.

Gibson might have argued for (14) along the following lines: Attributing moral responsibility to corporations blocks us from going inside the organization to get at blameworthy individuals. That is, morally culpable people would be able to hide behind a veil of corporate agency. And related to this is another concern: If the corporation is viewed as some sort of large-scale moral organism with some kind of life of its own, then a situation is created where individual interest and autonomy can easily be submerged under what is perceived as the corporate purpose. Manuel Valasquez refers to this as "organizational totalitarianism," and William Scott and David Hart capture this concern by saying:

In our time, the source of legitimacy for institutions is the organizational imperative, which requires individual obedience to it. What is more, such obedience is now a value in and of itself, supplanting the presumed ascendancy of the individual.

These are legitimate concerns. Corporations should not be used to subordinate individual moral responsibility or individual autonomy. However, we don't see why attributing moral responsibility to corporations necessarily leads to these problems. There is no reason to believe that holding a corporation morally responsible is incompatible with simultaneously holding some or all of its members as also morally responsible. While holding the Nazi regime morally responsible, Karl Jaspers proclaims that
Every German is made to share the blame for the crimes committed in the name of the Reich... inasmuch as we let such a regime rise among us.\textsuperscript{12}

Furthermore, recognizing that corporations can have moral goals and purposes need not eclipse the freedom of individuals within the corporation in pursuing their own goals and purposes. As we will try to show in more detail later, it is individuals who achieve corporate goals and who can nurture or change them. Good corporations provide room for the autonomy of their members, through which critical reflection and evaluation of the corporation can occur. Turning this argument around, it is because a corporate culture can dominate the freedom of its members that we want to be able to hold the organization morally accountable. And this leads us to our third comment about Gibson's consequentialist argument.

Contrary to Gibson we find that there are advantages in considering corporations to be morally responsible. For one thing it is more consistent with our holding corporations responsible for compensating people and society for harm resulting from corporate activities. Surely Gibson does not want to say that we ought not to hold corporations financially accountable, for where else would such compensation come from. One might say that this is purely a legal responsibility, not a moral one. But this seems odd at best, and certainly is counter to the general belief that our legal obligations are somehow tied to or grounded in moral obligations.

Furthermore, holding corporations morally responsible has the advantage of focusing attention on the corporate system itself, from which many morally irresponsible actions spring. Failure to recognize this leads to Gibson's unacceptable conclusion that business ethics is just a matter of individual ethics. He contends that his position leaves ample room "for business to interface with morality, but it must do so at the level of individuals, not at the level of corporations."\textsuperscript{13} This is utterly naive and blind to the enormous power and influence which corporate organizations exert on the actions of their individual members. Good individuals can be corrupted through bad organizations and uplifted through good ones. So, too, can good organizations be changed for the worse by unscrupulous individuals and be changed for the better by individuals with moral integrity. There is an important moral reciprocity between organizations and individuals. Overlooking the moral responsibility of either is the real threat to a moral society.

As we have tried to show, there are a number of practical advantages and benefits to be gained by attributing moral responsibility to corporations. It could be beneficial for us to regard corporations as if they were morally responsible even if they are not. We believe, however, that corporations are morally responsible. But we do not believe that corporations are moral
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persons/agents, and we do not believe that corporations are morally responsible in exactly the same sense that persons are. Let us try to explain.

It might be best to begin with a brief account of what we take to be the metaphysical status of corporations. Gibson claims that corporations are abstract objects, and his subsequent remarks seem to imply that since abstract objects are amoral rather than moral or immoral entities, corporations are amoral entities as well. If he is right, then we have found a conclusive answer to the question of the moral status of corporations. And he is right about abstract objects. It is false, possibly even meaningless, to attribute moral properties to abstract objects. They can have no rights, duties, or obligations. They have no virtues or vices; they do not act, nor are they acted upon. They are not capable of moral reflection, cannot be punished or rewarded, and cannot enter into praise or blameworthy relationships with moral agents. Abstract objects are just not the sorts of things that can be moral or immoral. But corporations are not abstract objects. They clearly are not numbers, kinds, properties, or propositions. Nor are they sets of their employees and stockholders. Sets are the same if and only if they have all the same members, but corporations can have different employees and stockholders at different times. Since this exhausts the list of the less exotic abstract objects, it seems that this particular metaphysical route cannot be used to deny moral status to corporations.

But Gibson may have had something else in mind. He may have meant to say, not that corporations are abstract objects like sets, but that they are non-physical individual things. This does not automatically exclude corporations from the moral community since some non-physical individuals, e.g., Cartesian spirits if there are such things, are moral entities. But there are difficulties with this account of corporations. For example, non-physical things do not obviously have spatial location, but corporations do seem to have location. A more promising approach, in our view, is that corporations are concrete entities, perhaps, as French suggests, entities constituted out of some collection or aggregate of persons but not identical with it. If this is correct, then corporations cannot be reduced to or completely analyzed in terms of individual persons and their relations. They are distinct from the persons that make them up, but ontologically dependent on persons in that they cannot exist apart from persons. Thus, as Richard De George says,

The collective [corporation] has a metaphysical status of its own and is not reducible simply to the members who make it up. It is this feature that makes it a proper object of predication, and it is for this reason that the predicates that apply to it are not always reducible to predicates that apply to individuals.14

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However, this does not exhaust the sense in which corporations are ontologically dependent. Corporations cannot exist or be understood apart from a social context. A variety of complex social, legal, and political relations to individuals and other social organizations and institutions both enable the corporation to exist and define its place, role, or function within society. A corporation is not merely an entity constituted out of persons, since the persons can exist and constitute a collective in the absence of the various social relations that make the existence of the corporation possible. Hence, corporations are ontologically dependent in two distinct ways. They are dependent on some collection of persons that constitute them, and they are dependent on a social context or environment.

Based on this admittedly preliminary account of the metaphysical status of corporations, we can begin to understand the sense in which corporations are morally responsible. Corporations are intentionally created, sustained, and structured by persons in order to accomplish certain goals. It may be that some of these goals, especially in the early, formative years of the corporation, are reducible to the goals of the founders or original owners of the corporation. In such cases it is understandable why one might view the corporation as a tool or machine used by the owners to accomplish for themselves what they could not do nearly so well through their own individual efforts. When this view of the corporation as an instrument of the owners is combined with the mistaken belief that the only rational goal of economic activity is profit, then it seems to follow that the only purpose of the corporation is to enable the owners to maximize profit. Consequently, all actions undertaken by such persons in their capacity as members of the corporation can be understood as actions performed in the pursuit of personal profit. The individuals that make up the corporation are acting through or using the corporation for their own personal economic benefit and for no other reason. They are not acting for the benefit of anyone or anything other than themselves.

It is a mistake, however, to suppose that all actions persons perform qua part of the corporation can be completely explained or analyzed as actions intended to benefit only themselves. Since corporations are concrete entities distinct from the persons that make them up, persons can and often do act on behalf of the corporation in order to achieve some corporate interest that is not reducible to a personal interest. For example, persons can act to achieve corporate economic and social health, where this is understood both as the proper and efficient internal functioning of the corporation, and as positioning the corporation for survival and growth within the social framework in which it exists. Such corporate interests are bound to and derived from their dependency on a social context. Indeed, a corporation has no interest independent of its social context.
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Of course, persons may benefit from such actions. It is to their advantage to be associated with a strong and vital corporation. But no description or analysis of their action is accurate that does not place it within the organizational structure and relate it to the achievement of an interest for the corporation. When persons act to achieve an interest for the corporation, then it is appropriate to describe them as acting to achieve corporate goals and not simply personal ones. Thus, there are corporate goals not reducible to goals of persons that constitute the corporation, and insofar as these goals are achieved by persons acting through the corporate structure, we can properly speak of the actions of the corporation itself. De George puts it this way:

The attribution of actions to collectives [corporations] can be correct in that collectives can produce results, and in that the actions of the collective can be the resultant of other actions, even though collectives act only through the actions of individuals.15

We believe that corporate actions and corporate goals ought to be subject to moral evaluation. Only in this way can we make sense out of our common moral experience. It is simply not enough, nor is it accurate, to say to the victims of corporate malfeasance that actually or really or in the final analysis the harm they have suffered is due entirely to individual persons acting to achieve their own personal goals, and hence that moral blame for such harm attaches only to these individuals. It is just not possible to analyze or explain many of the actions performed by persons that constitute a corporation except as performed within a corporate structure in order to accomplish a corporate goal. Thus, it seems to us that moral blame or praise can be attributed both to individuals that constitute the corporation and to the corporation itself.

We do not take this to imply, however, that corporations are themselves conscious moral agents capable of intentional action. But this does not mean that they are not morally responsible or that it is not appropriate to evaluate them from a moral point of view. It does mean that we cannot assign moral worth and responsibility to corporate actions in just the same way that we do to the intentional actions of persons. The sense of corporate moral worth and responsibility to which we are referring is found in the essential connection between intentional actions and the conditions out of which they arise.

Corporations have elaborate internal structures, both formal and informal, that guide and constrain the actions of persons in the corporation. These structures consist of rules, procedures, traditions, and attitudes that organize individuals around the goals and strategies of the corporation. They constitute the character or culture of the corporation. Since they direct, control, and give meaning to actions performed by individuals, they can be
judged as either good or bad depending on whether the consequences of those actions are good or bad for the corporation, individuals in the corporation, or the broad social context the corporation is dependent upon. These structures—the corporate character—define the corporation’s way of doing business, and it is out of this character that the actions and attitudes of individuals in the corporation are shaped and shepherded.

As we have noted earlier, it is not unusual for good people to be victimized by a bad corporate culture and lose their moral autonomy. They may be compelled to act in morally unacceptable ways in the pursuit of morally unacceptable corporate goals. Not only is it questionable as to whether such individuals deserve punishment, but it is also hopelessly naïve to suppose that punishing the individual will rectify the problem. The corporate structure or character is surely to blame, and unless it is changed such individual behavior will continue to recur. Gibson is right to argue that corporations are not persons, but corporations, like other organized collectives, do have personalities. Machines, which Gibson says corporations are, do not have personalities, except in some metaphorical sense, because they are not constituted of nor do they relate interacting human beings. And because these corporate personalities drive individuals down certain moral pathways, they must be admitted into the arena of moral accountability.

Although much remains to be said about the metaphysical status of corporations and although we admit that we have yet to develop to our satisfaction the precise sense in which corporations are morally responsible, we find the following insights of De George to be close to the mark:

To the extent that organizations have structures, constitutions, institutionalized relations, we can also make moral judgments about these. Rawl’s Theory of Justice is in fact discourse about the fairness of institutions and societies, not about the justice of individuals or individual actions, except insofar as they are part of a practice that is just or unjust. To speak of the justice of institutions, constitutions, societies is to speak about structures that exist, that are the result of human design, that have been intentionally or unintentionally adopted, that can be changed. But we can speak of all this without making moral judgments about the persons involved in setting up the structures or adopting them, and so on, though we may also do that. The structures have no intentions of their own, though they may embody the intentions of those who instituted the structures. Structures do, however, produce or tend to produce results by constraining the activities of individuals and channeling them in certain directions.16

To conclude we would like to place our argument within the logical landscape, so to speak, of the debate on corporate moral responsibility. It
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seems to us that the debate has been dominated by what various philosophers take to be the necessary conditions for corporate moral responsibility. Thus writers who believe that corporations are not morally responsible typically argue as follows:

(P) If corporations are morally responsible, then S.
(Q) It is not the case that S.
(R) Hence, corporations are not morally responsible.

There are as many versions of this argument as there are candidates for S. For example, a version Gibson discusses is the argument (6)-(8) where S is "corporations are moral persons/agents."

Writers who agree that a certain S is a necessary condition for moral responsibility and believe that corporations are morally responsible will argue:

(P) If corporations are morally responsible, then S.
(-R) Corporations are morally responsible.
(-Q) Hence, S.

There is a third alternative. Writers who believe corporations are morally responsible but that a certain S is not a necessary condition will argue:

(-R) Corporations are morally responsible.
(Q) It is not the case that S.
(-P) Hence, corporations are morally responsible and it is not the case that S.

If we take S to be "corporations are moral persons/agents," then this third alternative represents the view developed in this paper. We have outlined a position of corporations being morally responsible for actions that arise out of their characters—a position that does not require corporations to be moral persons/agents that intentionally undertake actions. In brief, in the argument (6)-(8), if one is unwilling to accept (8), as we believe one should be for reasons stated in this paper, then one must deny either (6) or (7). As we have pointed out, (7) seems plausible. Therefore, one must deny (6). But this leaves us with a problem, namely, how is it possible that corporations are morally responsible and yet not persons/agents? The answer seems to us to demand a different sense of moral responsibility which does not require that corporations act intentionally.

What our position does require is a recognition that moral responsibility, as with most problems involving human interaction, must be examined within the context of the necessary reciprocity between individuals and organizations. Neither can be understood independently of the other. For business ethics to assign moral evaluation and accountability just to in-
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dividuals or just to corporations results in dangerous abstractions. It is out of this complex interrelatedness that a meaningful sense of corporate moral responsibility emerges.

Notes

2 We will not adopt Gibson's notion of conceptual possibility since it seems to obscure rather than clarify the issues. Also, we will not try to distinguish between full-fledged moral persons and moral agents.
4 Gibson, p. 8.
5 Gibson, pp. 7-8.
6 Gibson, p. 12.
7 Gibson, p. 13.
8 Gibson, p. 17.
9 Gibson, p. 15.
13 Gibson, p. 16.
14 Richard De George, "Social Reality and Social Relations," *Review of Metaphysics* 37 (September 1983), p. 10. Much of what we have to say in the remainder of this paper is influenced by Professor De George's work.
15 De George, p. 13.
16 De George, pp. 19-20.
Margins of Precision

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A Rose by Another Name:
A Rejoinder to Professors Hoffman and Frederick

EDITOR'S NOTE


Professors W. Michael Hoffman and Robert E. Frederick very astutely classify three general positions supportive of the view that corporations are morally responsible for their actions, products, and services. First, there is the position that because corporations are moral persons/agents they are morally responsible; second, there is the position that because corporations are morally responsible they are moral persons/agents; third, there is the position that corporations are not moral persons/agents, but, for other reasons, they are morally responsible. This third position is the one which Hoffman and Frederick wish to defend. Thus, we three agree (against the positions of French and perhaps Goodpaster, Matthews, and Donaldson) that corporations are not moral persons/agents, even if we disagree as to why they are not. Further, we disagree about whether corporations, as opposed to the people who make them up, are, ultimately, morally responsible. Before turning to an examination of their positive account of the metaphysical status of corporations and of corporate moral responsibility, I would like to respond to some of their criticisms of my remarks regarding the positions of Goodpaster and Matthews, Donaldson, and French, and of my consequentialist argument.

Re: Goodpaster and Matthews. I claimed that if Goodpaster and Matthews' argument for corporate moral responsibility is construed as a deductive argument, then it commits the fallacy of affirming the consequent, and if it is construed as an argument from analogy, then the analogical principle upon which the argument seems to rest is too vague to bestow much plausibility on their argument. Hoffman and Frederick offer a different, what might be called a semantical, account of Goodpaster and Matthews' argument. If their analysis is the correct one, then Goodpaster and Matthews are innocent of the fallacy of affirming the consequent. However, on one interpretation of Goodpaster and Matthews' argument "to speak of corporate moral responsibility may be simply a façon de parler" (p. 29). On another interpretation, "they are offering a moral window through which to better see corporations for those who already hold them to be morally responsible" (p. 29). Hoffman and Frederick conclude that "[i]f this is the case, then Gibson's arguments against their method of projection are simply off the mark" (p. 29). This I do not deny, but, of course, then Goodpaster and Matthews would be offering no argument for corporate moral responsibility at all. Since this is a conclusion which I would expect Goodpaster and Matthews to resist, I also would expect them to resist Hoffman and Frederick's interpretation of their argument.

Re: Donaldson. Hoffman and Frederick find my remarks on Donaldson's social contract analysis of corporate moral responsibility "confusing rather than instructive" (p. 29). They are baffled by my claims that "Donaldson's analysis merely assumes what it must prove" (p. 29) and that "merely saying that the raison d'être of corporations is to enhance the social welfare doesn't make it so" (p. 30). The point I was trying to make with these remarks is not that Donaldson assumes the truth of corporate moral responsibility but, rather, that he assumes the truth of the social contract theory. If such a contract exists, then perhaps corporate moral responsibility follows. But where is the argument in favor of the existence of such a contract. Whatever the merits of social contract theory, and I believe them to be meager indeed, the theory is useful in the present context only if one already accepts corporate moral responsibility as a reality in need of an explanation. For those of us who are not antecedently convinced of this reality, such "explanations" are of little value; they seem always to get the cart before the horse.

Re: French. Hoffman and Frederick "are rather puzzled" (p. 30) by my two examples—shooting the president, and purchasing stock—which were intended to show that French's claim that "when the corporate act is consistent with an instantiation or an implementation of established corporate policy, then it is proper to describe it as having been done for corporate
reasons, as having been caused by a corporate desire and coupled with a corporate belief and so . . . as corporate intentional. 1 I admit, the examples may not be the best. However, I was trying to show that an action of an individual or of a corporation need not be construed as being intentional simply because it is consistent with certain goals. At any rate, Hoffman and Frederick and I agree that corporations do not have intentions. I expect that we agree further that even if corporations did have intentions that fact alone would not be sufficient for establishing corporate moral responsibility.

Hoffman and Frederick were “not at all convinced by” (p. 30) the argument that people and corporations are fundamentally different in that we can blame and punish people but not corporations. They then go on to point out that corporations have been fined millions of dollars and that the courts and government might even expand their roles in regulating corporations, even to the point of instituting “capital punishment” for corporations. There are a number of points and issues at stake here; I’ll just mention a couple. First, I would point out that it is either impossible or pointless to blame or punish a corporation without blaming or punishing the people connected with it. Second, I would remind Hoffman and Frederick that we are talking of morality here, not law. Their talk of increasing the regulative role of the courts and of government are something which I heartily applaud. But such talk does little by way of reinforcing the idea of corporate moral responsibility, for as many writers have pointed out, the idea of moral responsibility presupposes freedom to act irresponsibly.

Nor are Hoffman and Frederick moved by the claim that corporations lack the capacity to reciprocate morally. Certainly, the claim needs refinement. First, it should not be understood as a blanket claim, covering all conceivable corporations. Following John Ladd, I have in mind modern industrial corporations. Second, it should not be construed as “definitionally true” even of the class of modern industrial corporations. Rather, it is an empirical claim, open to refutation. Nevertheless, I think it is a true claim. And I believe it naive to think otherwise. Even so, I admit the conceptual possibility of Goodpastor’s program of “ethical diagnostics,” but I am not optimistic about its chances for success.

Re: Consequentialist Argument. Hoffman and Frederick make three comments on my consequentialist argument which claims that the disadvantages of admitting corporations into the moral community outweigh the advantages of so doing and, therefore, they ought not be admitted. First, they point out that “if it is true, as French argues, that corporations are moral persons . . . or at least like them in the morally relevant respects, then we must treat them as such regardless of the disadvantages” (p. 32). I certainly agree that if corporations were persons (I don’t know what they mean by ‘or at least like them in morally relevant respects’) then corporations must be admitted into the moral community. Notwithstanding that neither they nor I believe French is right, I believe that it is a mistake to think that corporate moral personhood can be established in vacuo, without assessing the consequences of conferring moral personhood upon corporations. The matter is not like discovering a new tribe of people whom we antecedently recognize as moral persons and, therefore, are compelled to admit into the moral community. Conferring moral personhood upon corporations calls for a revision in our concept of personhood. Donaldson puts the point nicely when he writes:

Unlike purely natural objects, we decide, up to a point, what the corporation is. We can grant or deny it unlimited longevity, limited liability, state citizenship, and so on. However, this makes the ethical task all the harder. Philosophically, we cannot fix the character of this abstract hybrid as we would an item in nature, such as a rock or tree, for part of what a corporation is is the product of our moral and legal imagination.

Second, Hoffman and Frederick charge that my argument to the effect that admitting corporations into the moral community would result in a bifurcated community, where natural persons operate ethically and corporate persons operate prudentially, illicitly smuggles in Ladd’s contention that there is no conceptual space for making moral moves in the language game of rational decision-making of modern industrial corporations. I plead guilty to this charge. I am less sanguine than they, however, about the danger that “attributing moral responsibility to corporations blocks us from going inside the organization to get at blameworthy individuals” (p. 32). On the contrary, I see this as a major reason for not attributing moral responsibility to corporations. While I think that Jaspers remark, quoted by Hoffman and Frederick, that every German shares the blame for the crimes of the Reich is simply ludicrous, I am also repulsed by the cop-out that “I was only following orders.”

Finally, Hoffman and Frederick list some “advantages in considering corporations morally responsible” (p. 33). One advantage is that “it is more consistent with our holding corporations responsible for compensating people and society for harm resulting from corporate activities” (p. 33). I would suggest that moral responsibility is neither a necessary nor sufficient condition for exacting such compensation. The legal doctrine of strict liability
certainly goes beyond moral liability. Another advantage of considering corporations morally responsible is, according to Hoffman and Frederick, that it focuses "attention on the corporate system itself, from which many morally irresponsible actions spring" (p. 33). "Failure to recognize this," they continue, "leads to Gibson's unacceptable conclusion that business ethics is just a matter of individual ethics" (p. 33). This conclusion is unacceptable, presumably, because it "utterly naive and blind to the enormous power and influence which corporate organizations exert on the actions of their individual members" (p. 33). I agree that their view focuses attention on the corporate system itself. And, I agree that the corporate system may be deemed "immoral," but as I explain below, I do not think that this implies that corporations rather than individuals are morally responsible.

I turn now to a consideration of Hoffman and Frederick's positive doctrine concerning the metaphysical status of corporations and corporate moral responsibility. Hoffman and Frederick deny that corporations are moral persons/agents but maintain, nonetheless, that corporations are morally responsible for their actions, products, and services. I must admit, I find this position puzzling, for how can an entity which is neither a moral person nor a moral agent be morally responsible? Here is Hoffman and Frederick's explanation: Corporations are "concrete entities" (p. 34), albeit concrete entities of a rather peculiar (abstract?) sort. For "[t]hey are distinct from the persons that make them up, but ontologically dependent on persons in that they cannot exist apart from persons" (p. 34). Furthermore, "this does not exhaust the sense in which they are ontologically dependent. Corporations cannot exist or be understood apart from a social context... Hence, corporations are ontologically dependent in two distinct ways. They are dependent on some collection of persons that constitute them, and they are dependent on a social context or environment" (p. 35).

Because the corporation is more than the sum of individuals that it employs, "corporations cannot be reduced to or completely analyzed in terms of individual persons and their relations" (p. 34). And, because "corporations are concrete entities distinct from the persons that make them up, persons can and often do act on behalf of the corporation in order to achieve some corporate interest that is not reducible to a personal interest" (p. 35). Thus, there are both corporate actions and corporate goals. Finally, "[w]e believe," say Hoffman and Frederick, "that corporate actions and corporate goals ought to be subject to moral evaluation" (p. 36). "Thus," they continue, "it seems to us that moral blame or praise can be attributed both to individuals that constitute the corporation and to the corporation itself" (p. 36, my emphasis).

Some theorists, Michael Keeley, for example, have argued that there are no corporate goals of the sort alleged by Hoffman and Frederick—and, I might add, by Ladd. There are only goals of individual persons. And, if there really are no goals of the corporation, then it may not be possible to distinguish so-called corporate actions from individual actions. I mention this only in passing; I don't attempt to resolve the matter. Also, I acknowledge that the non-existence of goals of the corporation cuts equally against the position of Hoffman and Frederick and the position of Ladd.

Supposing, however, that there are corporate actions and corporate goals, in Hoffman and Frederick's non-reductive sense, what are we to make of their claims that 'corporate actions and corporate goals ought to be subject to moral evaluation' and 'that moral blame and praise can be attributed both to individuals that constitute the corporation and to the corporation itself'?

I believe that their first claim is true: corporate goals and actions ought to be subject to moral evaluation. There is nothing in this claim which is inimical to the Ladd-type position I am advocating—I believe, incidentally, that Ladd has been widely misunderstood on this point. Since on Hoffman and Frederick's analysis, the corporation cannot act except through the actions of its employees, it would always be possible, at least in principle, to determine which individuals are morally responsible for a corporate action and which individuals are morally responsible for designing, adopting, and sustaining a corporate goal. Thus, to say that corporate goals and actions ought to be subject to moral evaluation is only to say that individuals acting in their corporate capacities do not thereby absolve themselves of moral responsibility—they cannot cop-out with "I was only following orders" or "I was only doing my job."

However, even if the claim that corporate goals and actions ought to be subject to moral evaluation is true, it does not follow, as Hoffman and Frederick suggest, that moral praise and blame can, therefore, be attributed to the corporation itself. Consider the following argument:

(1) corporation X has, among other goals, goal A.
(2) Corporate goal A is immoral.
(3) McX is a corporate official of Corporation X.
(4) McX relative to corporate goal A, performs act y.
(5) Corporate act y is immoral.
(6) An entity is morally praiseworthy or blameworthy only if it is either a moral person or moral agent.
(7) Corporation X is neither a moral person nor a moral agent.
(8) Therefore, Corporation X is neither morally praiseworthy nor blameworthy.

Now the crux of this argument is (6), an entity is morally praiseworthy or blameworthy only if it is either a moral person or a moral agent. Is (6) true? Well, I think it is. And, as I shall try to show, I believe that, notwithstanding their explicit denial, Hoffman and Frederick agree. The tip-off comes when Hoffman and Frederick, after having denied that corporations are either moral persons or moral agents, and after having affirmed that corporations are nonetheless normally responsible, announce that "we cannot assign moral worth and responsibility to corporate actions in just the same way that we do to the intentional actions of persons" (p. 36).

How are we, then, to accomplish this feat? Hoffman and Frederick's answer is that a corporation has a "character" or "personality," and it is in virtue of this fact that we are able to ascribe moral responsibility to them. Here is their account:

Corporations have elaborate internal structures, both formal and informal, that guide and constrain the actions of persons in the corporation. These structures consist of rules, procedures, traditions, and attitudes that organize individuals around the goals and strategies of the corporation. They constitute the character or culture of the corporation. Since they direct, control, and give meaning to actions performed by individuals, they can be judged as either good or bad depending on whether the consequences of those actions are good or bad for the corporation, individuals in the corporation, or the broad social context the corporation is dependent upon. These structures—the corporate character—define the corporation's way of doing business, and it is out of this character that the actions and attitudes of individuals in the corporation are shaped and shepherded. (pp. 36-37)

My first reaction to this identification of "corporate character" is bewilderment: how does this solve the problem? I find this solution to the puzzle of corporate moral responsibility no less mysterious than I found French's account of the redescriptions of the actions of individuals as corporate-intentional actions. My second reaction is to observe that this notion of "corporate character" is at least as rich as Donaldson's notion of a moral agent, viz., anything that can be said to act for moral reasons, and perhaps even as rich as French's notion of a moral person, viz., the ineliminable subject of a responsibility ascription of the second type. Thus, despite their denials, I believe that Hoffman and Frederick end up with a rose by another name. If so, then they really do not occupy the position they staked out in the "logical landscape . . . of the debate on corporate moral responsibility" (p. 37). That is, they claim to occupy the position that corporations are morally responsible in spite of their being neither moral persons nor moral agents. But if "corporate character" is a rose by another name, then their position, like those of French and Donaldson, is that corporations are morally responsible because they are moral persons/agents.

The view I am advocating maintains that there is an important distinction to be drawn between saying that corporations are morally responsible for their actions, services, products, and so on, and saying that corporate actions, services, products, and so on, can be morally evaluated. The former claim presupposes that corporations are moral persons/agents; the latter does not. Unfortunately, this important distinction is often lost sight of in discussions of corporate morality. This is due partly to the ambiguity of expressions like 'corporate moral responsibility', which occur frequently in such discussions, and it is partly due to a prevalent tendency of theorists to model their accounts of corporate moral responsibility on corporate legal responsibility.

One final observation, towards the end of their paper, Hoffman and Frederick remark that the denial that corporations are moral persons/agents "leaves us with a problem, namely, how is it possible that corporations are morally responsible . . . . The answer, " they suggest, "seems to . . . demand a different sense of moral responsibility . . . . " (p. 38). Maybe we don't disagree, after all.

Notes


References


