

## **CORPORATE MORAL OBLIGATIONS: A CRITICAL EXAMINATION**

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*The damaging and harmful effects of the activities of some corporations on the consumers, employees, and natural environment, have given rise to the need to subject corporate policies, decisions, and actions to a moral evaluation. But due to the peculiar nature of the corporation, being a collective and a legal creation engaged in the activity of business, such evaluation has become a controversial matter, at least among philosophers. This controversy can be formulated as a question of whether corporations have certain moral obligations which are over and above their legal and economic duties. Among the various ways of approaching this question, I focus on two general ones. The first concerns the ethical nature of corporate acts. Here I show why the business nature of corporate acts is no reason to exempt corporations from having moral obligations. The second concerns the moral status of corporations. Here I show why it remains meaningful to regard corporations as moral agents and thus as appropriate bearers of moral obligations. On the whole, I therefore argue for the view that corporations have moral obligations of their own.*

### **INTRODUCTION**

The damaging and harmful effects of the activities of some corporations on the consumers, employees, and the natural environment, have given rise to the need to subject corporate policies, decisions, and actions to a moral evaluation. Apparently, this presents no theoretical problem, as corporate acts seem to be readily morally evaluable. These acts appear to have the characteristics necessary to be subjected to an evaluation in terms, for instance, of whether their agents—the corporations—are morally accountable and whether they are morally good or bad in virtue of the moral principles based on utility, rights, and justice. Corporate acts, accordingly, are intended to carry out intentions resulting from some rational deliberation or decision-making procedure. Furthermore, through these acts, people may be victims of false or misleading advertising, employees may be exploited or their rights be violated, the natural

environment may be polluted, and natural resources may be depleted, among others. But due to the nature of corporate acts, being business in nature, and of the corporation itself, being a collective and a legal creation, the application of the moral perspective in evaluating corporate acts has become theoretically problematic and controversial—at least among philosophers working in the area of ethics. In this essay, I shall deal with this issue. Specifically, I shall critically examine certain arguments that purport to exempt corporate acts from moral evaluation. The issue has been approached in various ways; for our purposes, we shall treat it as a question of whether corporations have moral obligations which are over and above their legal and economic duties (i.e., their duties to follow the laws of the government and to maximize profits for their stockholders) and the moral obligations of their individual members. In this light, a moral evaluation of corporate acts will be seen as a question of whether corporations have succeeded or failed to perform their moral obligations, assuming that they do have such obligations. I shall divide my discussion into two parts. In the first part, I shall deal with the nature of corporate acts. In particular, I shall show why the business nature of corporate acts is no reason to exempt corporations from having moral obligations. In the second part, I shall deal with the nature of the corporation itself. In particular, I shall show why it remains meaningful to treat corporations as moral agents and consequently as appropriate bearers of moral obligations. On the whole, I shall therefore argue for the view that corporations have moral obligations of their own.

## THE ETHICS OF CORPORATE ACTS

Do corporations have moral obligations? Some argue that they do not because the nature of the activity that they engage in, namely the business activity, renders such obligations either unnecessary or misplaced. The arguments that seek to establish that such obligations are rendered unnecessary by the nature of corporate activities come in two forms: the so-called *Invisible-hand Argument* and the *Hand-of-government Argument*. According to these arguments, because certain non-moral obligations of corporations already ensure that they behave in morally desirable ways, moral obligations are no longer necessary. (The implication here is somewhat similar to the phenomenon called *causal overdetermination* in the mind-body problem: if physical causes are already sufficient in explaining human behavior then mental causes are no longer necessary; consequently, to still explain such behavior in terms of mental causes will lead to causal overdetermination.) The argument, on the other hand, that seeks to establish that moral obligations are rendered misplaced by the nature of corporate activities is derived from the Hand-of-government Argument, and what can be called the *Game Analogy Argument*. According to this argument, the activity of business is governed by rules that prohibit the application of moral principles. In what follows, let us elaborate on these arguments and show why they are mistaken.

The Invisible-hand Argument, based on the economic views of Adam Smith, seeks to show that economic considerations, such as the profit motive along with economic laws like the law of supply and demand, are sufficient to ensure moral corporate behavior (see Narveson 2014, 59-70; Goodpaster and Matthews 2014, 166-167). If so, it would then be unnecessary to ascribe moral obligations to corporations. If the role moral obligations are supposed to play about corporate acts is already supplied by certain

economic factors, then there is simply no need to ascribe moral obligations to corporations. In general, this argument goes as follows. People pursuing their individual selfish interest in the market are somehow guided by an invisible hand to bring about the common good. That is to say, without really intending it, their actions coordinate in ways that result in what is most beneficial to everyone. For a simple illustration, consider the case of person who puts up a water retail and delivery service in a community where water is scarce. The person may only be after his own profit, but while doing so he is at the same time also doing service to the community. In this light, his selfish action produces a good common to himself and the residents of the community. Consequently, without considering the morality of his motives, his actions turn out to be the ones that are morally desirable. What is true of individual persons here is also true of corporations.

This argument, however, can be criticized on two points. The first is that the argument fails to consider that catering to the non-essential and destructive needs of humans may also lead to high profits. If catered to by business, such needs may translate into the practice of white slavery and the production of selling of prohibited drugs, obscene pornographic materials, and weapons of destruction, among others, which obviously do not bring about what is good for the society (see Velasquez 1998, 35-36). And the second is that it is simply coincidental that the pursuit of profit will lead to the social good or to morally desirable behaviors. To illustrate this second point, take the case of StarKist Inc., a company engaged in the business of catching tuna and selling canned tuna (see Dobson 1999). To catch tuna, this company once used fishing nets that also caught dolphins in the process. And because most of these dolphins eventually die, protests from cause-oriented groups and environmentalists were staged against this company. The company at first simply ignored these protests for they did not really have any significant effect on its sales of canned tuna. More importantly, changing the nets would mean additional costs for the company considering that their use of such nets violated no laws existing during such time. In short, the practice was legal and it would not be in the best economic interest of the company to change such practice. However, when the protests increased and began to negatively affect the sales of its canned tuna, the company eventually decided to change its fishing nets—to the kind that would spare the dolphins. From a moral point of view, the decision of the management of StarKist Inc. is correct, though obviously not done out of moral motives. This phenomenon, where the desire for maximum profit leads to morally desirable acts or decisions, however, is merely coincidental. Needless to say, had the protests did not have such negative effect on the company's sales of its products, the company would most likely stick with their original fishing nets.

The Hand-of-government Argument (also called Visible-hand Argument or Legal Argument, see Goodpaster and Matthews 2014, 166-167) basically works in the same way, except that instead of the economic factors ensuring moral corporate behavior it is the laws of the government that do the job. In particular, this argument contends that ethical considerations are not necessary to regulate business activities, for governmental laws are sufficient to do this job. As Milton Friedman (1993, 167) puts it, “there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception and fraud.”

Accordingly, it is not the business of corporations to make the laws that will regulate their actions but of the government; and corporations already fulfill their social responsibility simply by following the laws of the government—assumed to be directed towards the promotion of the social good. Friedman talks about the social responsibility of corporations, but his point arguably carries over to the moral responsibility of corporation: that corporations already fulfill their moral obligations to society just by fulfilling their legal obligations in their pursuit of their economic interests.

In the area of environmental ethics, Norman Bowie (quoted in Hoffman 1993, 83) can be said to be subscribing to this argument when he writes: “Business does not have an obligation to protect the environment over and above what is required by law; however, it does have a moral obligation to avoid intervening in the political arena to defeat or weaken environmental legislation.” This argument seems to be implied as well in the attitude exhibited by the manager of a company that dumped its chemical wastes to a river in New York during the time when the law that prohibited such a practice was still pending (see Hoffman 1993, 832). When this manager was interviewed in a certain program (“Sixty Minutes”), he said that as a responsible private citizen he would support the approval of the law; however, as the manager of the company, he noted that he would fully support his company in its various efforts to gain economic success. The mentality of the manager seems to suggest that while the said law had not yet been approved, he found nothing wrong about his company’s practice of dumping its chemical wastes in the said river.

This argument can be criticized on the ground that what is legal is not necessarily moral (see Shaw 2010, 12-13), for legality may be a creation of corrupt minds. Either the contents of some laws are morally objectionable, as in the case of previous laws that allowed the practice of slavery and racial discrimination, or the application of some laws is morally objectionable, as when the law favors the influential and powerful, or when there is simply no law yet that prohibits an unethical conduct. This point is best illustrated by the following classic case in business ethics. In the 1970’s the entry of European small and cheap cars, called “subcompact cars,” competed with the car sales of Ford Motor Company (discussed in Velasquez 1988 and Shaw 1996). Ford Motor’s answer to this challenge was to manufacture its own version of subcompact cars, called the Pinto. To immediately cope with the competition, the Pinto was hastily designed and mass produced. And the Pinto passed the safety standards existing in U.S. laws at that time when it underwent crash testing. There was one serious problem, however. Its engineers found out that if another car travelling at a certain speed hit the Pinto at the rear, its gas tank would be punctured and would eventually explode. The management of Ford Motor narrowed down their options into two: first, to recall all the manufactured units of the Pinto and then redesign their gas tanks; second, to simply pay what the law would require them to in cases when accidents involving the Pinto do happen (such payments include expenses for the burial and hospitalization of the victims, insurance, and legal fees, among others.). As both options were legal at that time, the basis of their decision came down to which would be in their best economic interest. And consequently, they opted for the second option for their studies showed that it would be more expensive to redesign all the Pintos than to simply shoulder the compensations that would be legally required of the company in cases of car accidents. While there was

nothing illegal about the decision of the management of Ford Motor Company, it was certainly questionable from a moral point of view.

Finally, the Game Analogy Argument claims that the activity of business provides no place for moral obligations. The rules of business are like the rules of games which have their own standards for winning, losing, rightness, and wrongness. In playing a particular game, we normally do not judge an action done in the context of playing that game using moral principles. Rather, we judge it according to how it enables a player to win the game in accordance with the rules of the game. For example, whether a certain movement in the course of playing basketball is good or bad has nothing to do with morality, but only with whether it facilitates the player in winning the game. One only becomes concerned with morality when there is an apparent cheating done, or a violation of certain rules of the game to gain an unfair advantage over an opponent. In the same way, according to this argument, business acts, done either by corporations or by individual businessmen, are judged good or bad solely in terms of whether they will facilitate the earning of profits in accordance with the rules of the “business game”—referring to market strategies and practices that are allowed by the laws of the government. Albert Carr (2014, 173), who compares the “business game” to a game of poker, articulates this argument in the course of analyzing the ethics of bluffing in business; thus:

Before any executive can make profitable use of the strategy of the bluff, he needs to make sure that in bluffing he will not lose self-respect or become emotionally disturbed. If he is to reconcile personal integrity and high standards of honesty with the practical requirements of business, he must feel that his bluffs are ethically justified. The justification rests on the fact that business, as practiced by individuals as well as by corporations, has the impersonal character of a game – a game that demands both special strategy and an understanding of its special ethics. The game is played at all levels of corporate life, from the highest to the lowest. At the very instant that a man decides to enter business, he may be forced into a game situation....

Consequently, as the obligations of the players are defined by the rules of the game, the obligations of corporations are defined by the rules of the business game. Players maximize whatever opportunities the rules of the game provide them to win the game; the same is true of corporations, they maximize whatever opportunities the rules of the business game provide them to gain maximum profits. To ascribe moral obligations to corporations is therefore tantamount to changing the rules of the business game.

There are, among others, two important reasons why the business activity cannot be fully understood as a mere game (see Shaw 2010, 19-20). One is that all the players in a game, under normal circumstances, are free in choosing to be part of the game; but not all those involved in the business activity freely choose to be part of the activity. For instance, most people do not really choose to be the subjects of certain advertisements. This is especially true of advertisements directed at children (see Paine 1993, 607-628). Another is that, under normal circumstance, players of a game are aware of the rules of the game; in contrast, some people, mostly consumers, are not aware of the rules of

certain business practices. For instance, consumers are sometimes not aware of the extra fees that some business institutions charge them, or that their actual products do not really resemble what are being advertised. But even granting that the business activity can be likened to a game, this does not exempt the players of the business game from moral accountability. For if the rules of a game by themselves are immoral like when they require the killing of the competitors (like how gladiators were made to fight during the Roman Empire), then freely choosing to play this game entails moral accountability. Likewise, when corporations do business in countries where apartheid is practiced, these corporations would be morally accountable if they would follow the discriminatory laws of these countries. This implies that corporations have the moral obligation to make sure that the rules of the business game that they are entering or competing with are morally sound.

### **THE MORAL AGENCY OF CORPORATIONS**

To say that corporations have certain moral obligations such as those toward the natural environment is to grant moral status to corporations, or to acknowledge corporations as moral persons. But what does having a moral status, or being a moral person, mean? Do all entities having moral status have moral obligations? And can a non-biological entity, such as a collective or an artificial entity also have a moral status? To have a moral status is to be a moral person; but it is important to note that to be a moral person is to be either a moral patient (or recipient) or a moral agent (see Floridi 2011 and Haksar 1999). Floridi (2011, 184-185) explains that moral agents are “entities that can in principle qualify as sources or senders of moral action,” while moral patients are “entities that can in principle qualify as receivers of moral action.” Haksar, on the other hand, notes that “Moral agents are those who are morally accountable for at least some of their conduct. They are subject to moral duties and obligations, and, therefore, to moral praise and blame. Moral recipients are those who are owed moral consideration for their own sakes....” We can simplify the distinction as follows: moral recipients are bearers of moral rights while moral agents are bearers of moral duties (or obligations). Now while all moral agents are arguably also moral recipients (those having moral duties have moral rights as well), not all moral recipients are also moral agents (not all those having moral rights have moral duties as well). For instance, normal human adults are bearers of both moral rights and duties; but human infants (and some include animals and ecological systems) have moral rights but not moral duties. While human infants (and others) are subjects of moral concern, they are not morally accountable for their actions (that is, they do not deserve moral blame or praise for their actions); but while normal human adults are likewise subjects of moral concern, they are morally accountable for some of their actions. Normal human adults, in this regard, are moral agents who are also moral recipients; while human infants are moral recipients who are not moral agents.

The distinction between moral recipients and moral agents is critical when determining the relevant features for moral personhood. For instance, it may be argued that sentience is a basic characteristic for moral personhood. This holds true if we are speaking of moral patients, for sentient beings who do not have the capacity for reason and will cannot be moral agents. Those who contend that animals are moral persons, for

insance, certainly do not mean that animals are moral agents. What they only mean is that animals are moral patients. On the other hand, it may be argued that rationality is a necessary character of moral personhood; but if this is the case then infants, mentally disabled persons, and perhaps animals will not be moral persons. What is most likely meant is that rationality is a necessary character of moral agents. In the context of corporate moral personhood, some have argued that since corporations are not sentient then they cannot be moral persons. When, for instance, Richard Sheppard (1994, 161) remarks that "...the corporation lacks the emotional capacity needed for it to be a moral person," does he mean the corporation lacks a capacity to be a moral patient or to be a moral agent?

The above considerations make it clear that the moral status or personhood attributed to corporations, when speaking of their alleged moral obligations, is one of moral agency. Only moral agents have moral obligations; mere moral patients do not have such obligations. But this leads us to the next question, namely, what makes corporations moral agents? This calls for an analysis of what counts as moral agents and of whether corporations, being collective entities, qualify as moral agents. The opposing views in this regard have been presented in various ways. For instance, some dichotomizes between *corporativism* (further distinguished between strong *corporativism* and *weak corporativism*) and *anti-corporativism* (see Mark Schwartz 2011, 23; John Ladd 1993, 242-243); some between the *collectivist view* and the *individualist view* (see Manuel Velasquez 2003, 531); and some between the *traditionalists* and the *corporatists* (see John Danley 1980, 141). For our purposes, however, we shall use a modified form of the classification made by Richard De George (1981) in this regard.

De George (1981, 41-53) identifies three main approaches to the question of the moral status of corporations, namely, the (1) Organizational View, (2) Moralistic View, and (3) Reductionist View. The Organizational View claims that corporations and their agents (those acting and deciding on their behalf) cannot have moral obligations. Corporations, being legal persons, only have legal obligations; and their agents, in so far they are acting as employees or representatives of their corporations, only have obligations defined by their corporations. The Moralistic View claims that corporations are moral agents and thus have moral obligations. The Reductionist View claims that corporations are not moral agents; only their members are; consequently, for this view only the individual human members of corporations have moral obligations. For our classification, we shall distinguish between the *Amoralist View* and the *Moralist View*. We shall instead call the Amoralist View what De George classifies as the Organizational View. On the other hand, for our Moralist View we shall have two versions: the *Non-reductionist Moralist View* and the *Reductionist Moralist View*. Accordingly, De George's Moralist View corresponds to our Non-reductionist Moralist View while his Reductionist View corresponds to our Reductionist Moralist View. The reason we classify De George's Moralist View and Reductionist View as both forms of the Moralist View is that they both consider it meaningful to speak of corporations having moral obligations, unlike the Organizational View, the only difference is that for De George's Moralist View, corporate moral obligations are not reducible to the moral obligations of the humans comprising the corporation; but for De George's Reductionist View they are so reducible.

The Amoralist View claims that corporations are legal persons and nothing more; as such, they only have legal rights and duties. The legal status, as quoted in De George (1981, 41), is stated clearly by Chief Justice Marshall in *Dartmouth College V. Woodward* as follows:

A corporation is an artificial being, invisible, intangible, and existing only in contemplation of law. Being the mere creature of law, it possesses only those properties which the charter of creation confers upon it, either expressly or as incidental to its very existence. These are such as are supposed best calculated to effect the object for which it was created.

For this view, it is a mistake to evaluate corporate acts and the acts of their agents in terms of moral principles. Such acts are amoral, neither morally good nor morally bad. Such acts can only be evaluated in terms of the laws of the government; as such, they are only either legal or illegal. The Moralist View, in contrast, claims that corporate acts can also be evaluated in terms of moral principles. There is, however, a disagreement in what are actually being evaluated when morally evaluating corporate acts. The Non-reductionist Moralist View claims that what are actually being morally evaluated are the corporate acts themselves; while the Reductionist Moralist View claims that it is some individual humans who are members of the corporations, presumably the decision-makers of the corporations. The Non-reductionist Moralist View claims that corporate intentions and decisions are not reducible to the intentions and decisions of the decision-makers of the corporations. In this light, corporate decisions are considered autonomous. The Reductionist Moralist View, in contrast, denies this. It claims that corporate intentions are reducible to the intentions of some individual members of the corporation and hence are never autonomous.

The argument of the Amoralist View, on closer inspection, ties up with the two arguments earlier discussed which seek to show why corporations cannot have moral obligations because of the nature of the activity—the business activity—that they engage in. The arguments refer to the Hand-of-government Argument and the Game Analogy Argument. The Amoralist View simply argues that corporations, being creatures of the law, are legal persons and nothing more. The Hand-of-government contends that corporations do not have moral obligations since the law is sufficient to ensure corporate moral behavior. And the Game Analogy Argument claims that the rules of doing business, which are legal and economic rules, have nothing to do with morality. The consequence of this is that the criticisms against the Hand-of-government and Game Analogy arguments carry over to the case of the Amoralist View. Among others, what is legal is not necessarily ethical. Consequently, the fact that corporations are legal entities does not mean that they will not be capable of doing something unethical. Another, which is closely related to the first point, legal rules are themselves subject to a moral evaluation. If part of the rules of the business activity in a certain country is unethical, say it promotes discrimination, a corporation that engages in such an activity following all its rules is obviously committing an unethical act. This explains why we find it absurd to think that if a corporation will kill a person or will deceive a

consumer, the corporation has not done anything morally questionable. Ladd (1993, 238) further notes that it is wrong to think of corporations purely as legal entities, for they are also social institutions and being so how their actions affect society in general are not just the concern of law but of morality as well.

Because of these arguments, I think the Amoralist View is at present no longer in contention. The heated debate is between the two forms of the Moralism View. What we have called the Non-Reductionist Moralism View, it shall be observed, corresponds to what others call *corporativism*, *corporatism*, or *collectivism*; while what we have called Reductionist Moralism View corresponds to what others call *anti-corporativism*, *individualism*, and *traditionalism*. Basically, the Non-reductionist Moralism View claims that corporations are moral agents in the same way that individual humans are; but for the Reductionist Moralism View, corporations are not moral agents, for only individual humans are. As Velasquez (2003, 538) explains:

...the view that the corporate organization is sometimes, at least, a moral agent distinct from its members, has traditionally been referred to as the collectivist view. On the other hand, the view that the corporate organization is a number of individuals who (all or some) are themselves responsible for the organization's acts, has traditionally been characterized as the individualist view...The collectivist, then, holds that both individual human beings and corporate organizations can be morally responsible agents. The individualist holds that human beings, but not corporate organizations, can be morally responsible agents.

Danley (1980, 280) makes the same explanation but using instead the terms "traditionalists" and "corporatists" to name the opposing parties:

Whatever else we may say of them, collective entities are surely not the kinds of things capable of intending. Individuals within the corporation can intend, lust, have malice aforethought, and so forth, but the corporation cannot. Traditionalists, like myself, maintain that only persons, i.e., entities with particular physical and mental properties, can be morally responsible. Corporations lack these. For the traditionalists, to speak of corporations being responsible is simply elliptical for speaking of certain individuals within the corporation being responsible.

Proponents of the Non-Reductionist Moralism View include, among others, Peter French (1995) and Philip Petit (2007). For an explanation of this view, let us examine French's version, which is considered to be the classic articulation of this view. We shall refer to some of Petit's ideas in this regard when we deal with the objections to this view. According to French (1995, 10-12), an entity is a moral agent if it possesses the following functional features: the abilities to act intentionally, to make rational decisions and to consider rational arguments regarding the ways to realize one's interests, and to make the necessary changes regarding one's behavior that are harmful

to others. French takes a functionalist approach to moral agency, which is reminiscent of Immanuel Kant's definition of the same; thus: "For as morality serves as a law for us only because we are rational beings, it must also hold for all rational beings; and as it must be deduced simply from the property of freedom, it must be shown that freedom also is a property of all rational beings" (Kant 1952, 280). Kant takes rationality, which includes both pure reason (intelligence) and practical reason (free will), as the defining feature of a moral entity.

Consequently, the ontological nature of an entity (be it natural or artificial) would not matter so long as it possesses the morally relevant features. This point makes the artificial or collective nature of corporations irrelevant to what would make them moral agents. But the fact that corporations do possess such morally relevant feature, as argued by French, does not immediately make them moral agents; for it needs to be shown that their possession of such features is not something merely metaphorical. Accordingly, it can be argued that since a corporation is a collectivity of humans, saying that a corporation possesses such functional capacities is just a metaphorical way of saying that the humans (the decision makers) that comprise this corporation possess such functional capacities. French (1995, 15) deals with this concern by showing that corporate intentions are products of an internal mechanism within a corporation, which he calls the *Corporate Internal Decision* (CID) structure. This mechanism, accordingly, transforms the various individual reasons and intentions of the decision-makers of a corporation into corporate reasons and intentions, thereby making corporate decisions as something that is not reducible to the decisions of certain individual members of the corporation. To use a parallel view from the philosophy of mind—the view usually called "emergentism" (see Mabaquiao 2012, 81-83)—we can say that corporate decisions and policies are emergent features of a corporation as a result of the interaction among its decision-makers within the limits of its CID structure, in the same way that liquidity and transparency are emergent properties of water resulting from the interaction among the individual properties of hydrogen and oxygen. To borrow Searle's terminologies, corporate decisions are system features, not aggregate features (Searle 1997, 451).

The critics of the Non-reductionist View usually take the Reductionist Moralistic View, and focus on their objections to French's version. The objections raised against French's view take many forms. For our purposes, we shall focus on those concerning corporate moral accountability, corporate individuality, and corporate intentionality. Regarding corporate moral accountability, it is alleged that granting moral agency to corporations would either result in (1) sparing the members of the corporations, including the guilty ones, of moral accountability, or (2) making all the members of corporations morally accountable for corporate acts, including the innocent ones. Velasquez (1993, 537), a strong critic of French, for instance, remarks:

The National Semiconductor case suggests, then, that accepting the view that a corporate organization as such is morally responsible for its actions is important for four reasons: (1) it has consequences on who we punish or fail to punish for those actions, (2) it has implications on how the behavior of corporate organizations is to be controlled and whether we can

reasonably expect punishment to deter them from inflicting future injuries on society, (3) it can lead us to punish the innocent (who did nothing to cause the act) along with the guilty, and (4) it can lead us to be satisfied with punishing the organization without imposing just punishments on those individuals who brought about the act.

The same point has been raised by Danley (1980, 147), another strong critic of French; thus:

...French claims that the corporate act is not identical with the acts of individuals in the corporation. Given this, how is it possible now to reverse that claim and hold individuals responsible for something which they did not do? All they did at most was to vote for the corporation to do something, or to pay for something to be done on behalf of the corporation. The claim that individual acts and corporate acts are not identical opens the door to criminal-less crime... a collective entity may be responsible yet no individual in that collectivity be responsible.

First, this objection begs the question, for it only makes sense given the thesis of the Reductionist Moralistic View. On the one hand, it claims that granting moral agency to corporations would result in making corporations the exclusive bearers of moral accountability. In this regard, if corporation X, for instance, is morally accountable, then all of its members are not morally accountable. But if all of them are not morally responsible, how can one meaningfully speak of guilty members? On the other hand, it claims that doing the same would also result in making all the members of the corporation morally accountable. Thus, if corporation X is morally accountable, then all the members of the corporations are morally accountable. Again, if all of them are morally accountable, then how can one distinguish between the innocent and the guilty ones? This objection begs the question because it assumes the thesis of the Reductionist Moralistic View according to which the morally accountable for corporate acts are not the corporations but certain individuals—the guilty ones. So, the objection is actually a consideration of what will happen if, given this view to be correct, corporations are made morally accountable for corporate acts.

Second, the supposition that making corporations morally accountable for corporate acts would spare all the members of the corporations from moral accountability cannot be granted. Christopher Meyers (1993, 252) calls this supposition as part of the either/or dilemma of corporate moral responsibility, which he puts as follows: “Either we hold the company responsible for immoral behavior and exempt its members from accountability, or we condemn the individual members and conceive of the corporation as nothing more than a legal fiction.” Meyers (1992, 257-59) argues that granting moral agency to corporations thereby making them morally accountable for corporate acts does not free those humans who contributed to the formation of corporate intentions, like the directors, managers, and supervisors, from moral responsibility. Their approval of such intentions, during deliberations, as consistent with company policies, especially in light of competing individual preferences, serves as the basis for determining their individual moral accountability. Thus, the moral accountability of corporations,

for Meyers, comes in two levels: on the level of the corporation and on the level of the decision-makers. According to Meyers, this consideration disposes of the either/or dilemma earlier noted.

Third, the supposition that making corporations morally accountable for corporate acts would make all the members of the corporations morally accountable in the same, based on the same points raised by Meyers, cannot likewise be granted. Now, the legal sanction imposed on a corporation for a certain wrongdoing, say fines or revocation of its charter, would certainly affect all the members of the corporation. But this does not make them all morally accountable in the same way—say they are all guilty. Moreover, the effects of this legal sanction on the members would be varied: some would lose their job or some benefits but some might see it as an opportunity to start anew.

De George resolves the either-or dilemma of corporate moral accountability in terms of the external-internal viewpoints, which “are not necessarily antithetical” (De George 1981, 47). The attribution of moral accountability to corporations is a moral evaluation of corporate acts from the outside “without necessarily knowing or caring how the actions are decided from within (De George 1981, 47); whereas the attribution of moral accountability to certain members of the corporations is a moral evaluation of corporate acts from the inside. De George (1981, 47) writes: “From inside, the actions may also be attributed to the corporation as a whole, though more likely they are at least frequently seen as being the result of certain people doing certain things.”

Concerning corporate individuality, it is alleged that granting moral agency to corporations would mean treating corporations as individual entities that are separate and distinct from the individual humans comprising them. Velasquez (2003, 538, 540) writes: “In fact, the fundamental assumption underlying the collectivist view that the corporate organization is a morally responsible agent distinct from its members is the assumption that the corporate organization is a real individual entity that acts on the world and that is distinct from its members.” “... it may be true that a collection of objects has properties that cannot be attributed to its members, it does not follow that the collection is a real individual entity.” And since it does not follow that the collection is a real individual entity, it is wrong to think that the corporation is morally responsible. But who says that for a group to be morally responsible the group has to be a real individual entity? If, for instance, we are to group our students, then ask each group to come up with a collective decision on a certain problem, or a collective intention on how to resolve a problem, for which each group will be morally responsible, are we thinking of each group as one real individual entity? For a group to be responsible for its collective intention is simply to treat the group as one intentional unit; likewise, to treat the one collection as morally responsible for its intention is to treat the collection as one intentional moral unit—which is actually what one means when one treats a collection as a moral agent. Petit (2007, see, for instance, pp. 172, 179) refers to groups regarded as agents as “group agents” and to corporations regarded as agents as “corporate agents.” If we want to emphasize moral agency, then we can call corporations taken as moral agents as “corporate moral agents.” There is nothing in the concept of a corporate moral agent that implies that it is one individual entity. Petit (2007, 178) describes a group agent as *system agent*, in contrast to an individual agent. Kenneth Goodpaster and John Matthews (2014) refers to a group and a corporation as a *unit*; thus they (2014,

165-166) write:

If a group can act like a person in some ways, then we can expect it to behave like a person in other ways. For one thing, we know that people organized into a group can act as a unit. As business people well know, legally a corporation is considered a unit. To approach unity, a group usually has some sort of internal decision structure, a system of rules that spell out authority relationships and specify the conditions under which certain individuals' actions become official actions of the group.

The case, as indicated by Goodpaster and Matthews above, is no different when we say that a corporation is a legal person: we just treat it as one legal unit or system, for we surely do not think, nor are we required to think, of it as one real individual entity. That a corporation is not a real individual entity and yet is treated as a legal person, or as one legal unit, is, I think, contained in the description of the corporation as a "legal fiction." It is an entity created by law but the law has accorded it a legal personality.

Finally, regarding corporate intentionality, it is alleged that corporate intentionality can only be metaphorical or "as-if." As Velasquez (2003, 449-550) writes: "The collectivist must prove, that is, that the intentions that we attribute to collectives are literal intrinsic intentions of the sort that we attribute to human beings, and that collectives are causally responsible for their acts in the same way that human beings are." It is true that the intentions of collectives are derived from the intentions of the individuals that comprise the collectives. In this sense, collective intentions are derived intentions. But precisely, as the collectivists argue, some of these collective intentions are not reducible to the individual intentions of the individual members of the collectives when such intentions are products of a certain process or set of procedures. Velasquez appears to equate derived with as-if intentionality. Collective intentionality is derived intentionality but whether it is as-if or real depends on whether it is reducible to individual intentionalities. And collectivists claim there are irreducible collective intentionality, precisely the one corporations have. The point is that the fact that corporate intentionality is derived does not necessarily make it as-if. For as Petit (2007, 184) explains, corporate intentionality can be autonomous—*independent of the individual intentionalities from which it is derived*:

Autonomy is intuitively guaranteed by the fact that on one or more issues the judgment of the group will have to be functionally independent of the corresponding member judgments, so that its intentional attitudes as a whole are most saliently unified by being, precisely, the attitudes of the group. This autonomy may be surprising, but it is not mysterious. While group attitudes are not functions of the corresponding attitudes of individual members, they are produced by those individuals, and they derive all their matter and energy from what individuals supply.

In this connection, Petit (2007, 180) explains that a group intentionality is not autonomous, and thus the group would not be counted as an agent, if it is simply a summation of the intentionalities of the members: “It would fail to be autonomous in this manner, arguably, if the attitudes ascribed to it—if you like, the group mind—were just a function of the corresponding attitudes adopted by the members...Such a group might not be counted as an agent in its own right.” According to Petit, one situation which clearly shows the autonomy of a corporate intention is when this intention results from individual intentions that are inconsistent with one another. He (2007, 182) writes:

Yet they cannot live with the inconsistent set of views that majority voting would give them, for such irrational views are liable to point to inconsistent sets of actions and to present the group as an agent with which it makes no sense to form contracts or enter other relationships. The only solution for the members of the group will be to embrace a practice or constitution that allows them to ensure that the body of attitudes they accept and enact in the group’s name is internally consistent.

Velasquez (2003, 546), in his critique of French, further claims that “The problem with French’s claim, however, is that there is nothing about procedures and policies that can enable them to transform a metaphorical intention into a real one.” But what these procedure and policies transform, for French, is a group of individual intentions into an irreducible corporate one. It is not like the corporation first has a metaphorical intention and then the corporation later on transforms this metaphorical intention into a real one through its procedure and policies. Perhaps what Velasquez simply means here is that despite the fact that individual intentions undergo these procedure and policies the resulting intentions when attributed to corporations can only be metaphorical. But why? Velasquez (2003, 250) says it is because “if an organization has such intentions, beliefs, and desires, it must have a conscious mind...” It is true that there is no independently existing entity to which corporate intentions are attributed, but this does not refute the claim that these intentions are irreducible. Searle (1995, 25-26) has argued that collective intentionality (the “we-intentionality”), which he believes to be not reducible to individual intentionalities (the “I-intentionalities”), exists in individual minds. This means that the irreducible corporate intentions can very well just exist in the minds of the corporate members.

## CONCLUSION

Because of the serious damages and harm that corporations can inflict on people, society, and the natural environment, the morality of corporate acts has become a central topic of philosophical discussions. A question arises whether corporations also have moral obligations, in addition to their legal and economic duties, and over and above the moral obligations of their individual members. The discussion of this question, however, is complicated by the business nature of their acts and the artificial and collective nature of their existence. In our critical examination of these points, we have shown that there is nothing special about the business activity that would exempt

corporations from having moral obligations. The arguments that purport to put the business activity outside the moral compass are mistaken. Furthermore, we have shown that it remains meaningful to regard corporations as moral agents and thus as appropriate bearers of moral obligations. The view that argues for the moral agency of corporations can be defended from the objections raised against it, at least from the ones we have covered.

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*Submitted: 11 February 2016; revised: 12 April 2018*