

# **Recovering moral engagement in business: From discipline to dialogue**

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## **Abstract**

In this paper I argue for a move away from contemporary disciplinary approaches to business ethics and corporate governance and towards approaches based on dialogue. My argument has two strands. The first draws on sociological studies of the decline of traditional institutions of moral authority and the growth of pluralism. I argue that disciplinary mechanisms of governance are inappropriate to a post-traditional, pluralistic society, the dynamics of which call instead for political and governance structures based on interactive dialogue. The second draws on studies of moral and emotional disengagement. I argue that moral engagement has become a significant and growing problem for contemporary society; that it is a particularly important problem in the context of business; and that the problem is exacerbated by current disciplinary approaches to business ethics and corporate governance. If people in business are to be morally engaged, a dialogic approach is again called for. I finish the paper with some tentative suggestions as to how such an approach might be philosophically grounded.

## **1. Introduction**

In this paper I shall draw upon a range of recent sociological studies to argue for a move away from the disciplinary approaches to business ethics and governance that dominate contemporary practice and towards approaches based on dialogue. My argument has two strands, the first of which is relatively familiar. Drawing on sociological studies of the decline of traditional institutions of moral authority and the growth of moral pluralism, I shall argue that disciplinary mechanisms of governance (crudely speaking, telling people what to do and monitoring their compliance) are inappropriate to a post-traditional, pluralistic society, the dynamics of which call instead for political and governance structures based on interactive dialogue. The second strand of the argument is less familiar and rests on observations of a growing disengagement from moral thinking. Moral engagement, or the process by which people engage their moral faculties, has not generally been considered a problem, either in ethics generally or in business ethics in particular. I shall argue here, however, that it has become a significant and growing problem for contemporary society; that it is a particularly important problem in the context of business; and that it is a problem that is exacerbated, rather than reduced, by current disciplinary approaches to business ethics and corporate governance. If people in business are to be morally engaged, a dialogic approach is again called for. I shall finish the paper with some tentative suggestions as to how such an approach might be philosophically grounded.

## **2. The disciplinary nature of contemporary business ethics**

Contemporary approaches to the ethical governance of business can be described as ‘disciplinary’ in two senses. First, they are disciplinary in the everyday sense that they are based predominantly on rules, which are treated as non-negotiable: they have to be observed. Second, they are disciplinary in the Foucauldian sense that they are based on processes of monitoring or surveillance.<sup>1</sup> To some extent, of course, all systems of ethical governance are disciplinary, at least in the first of these senses. Societies need laws and these laws have to be upheld. What are critical, though, are how a society treats behavior that is within the law, and especially in the private realm, and what assumptions it makes about people’s capacities for wrongdoing. The guiding assumptions of disciplinary regimes are that people cannot be morally trusted, and that unless you keep a close eye on them they are likely to misbehave. The paranoia generated by these assumptions leads readily to a further assumption, that in order to protect the morality of the public sphere, it is necessary to discipline people’s private behavior. To take the most obvious historical examples a witch, or a communist in the McCarthy era, did not have to act in public to be considered a threat to public morality. In both cases the ethical governance regime adopted by society entailed a close monitoring of private behavior.

The American system of corporate governance, as developed in the last decade or so, is quite strongly disciplinary. It is based on the agency theoretic

principle that managers, who are theorised as the agents of shareholders, will in practice do whatever they can get away with, including falsehood and deceit, to self-interestedly maximise their own utility. From this assumption it follows that they must be closely monitored and kept under careful surveillance, and the increasingly rigorous reporting and other requirements imposed on corporations are designed to this end. One interesting difference between the American system and the British, with which it is usually coupled, is that whereas the American system requires full compliance, some aspects of the British system involve a dialogic element. A British company is free to excuse itself from particular aspects of the Combined Code of corporate governance, provided that it gives a public justification for this. Even in Britain the pressures are strongly and increasingly towards a regime of compliance, but the distinction remains significant and we shall return to it.

This disciplinary approach to corporate governance, which is designed primarily to protect shareholders from managerial self-interest but also to protect stakeholders more generally (shareholders, employees, pensioners) from the effects of fraud and the reputational risks of other forms of immoral behavior, also impacts on the private sphere of the business organization. Corporations are expected not only to act ethically in their public dealings but also to maintain their own internal disciplinary regimes based on detailed codes of ethics, with appropriate mechanisms for monitoring compliance. Again it is the American system is more strongly disciplinary than its close relations, for although codes of ethics are now commonplace in Britain and gaining ground elsewhere it is still only in American corporations that we find them being used as control mechanisms rather than as resources, with well-developed regimes for monitoring and surveillance.

There is a widespread and probably accurate perception that international systems of corporate governance and business ethics are converging towards the American norm. Societies around the world appear increasingly to be following the American lead both in their emphasis on the fiduciary duty of a company to its shareholders and in their use of disciplinary mechanisms of governance. In the presence of such trends it would be easy to assume that such mechanisms, being at the forefront of accepted best practice, are a good thing. There are, however, grounds for caution. In the first place, as the examples of disciplinary moral governance cited above suggest, these may represent a pathological rather than a healthy feature of American society. They are certainly at odds with the individualism and freedom of action that seem normally to characterise American culture. In the second place, the recent moral history of American business is not encouraging. Whatever the merits of the disciplinary approach it has not succeeded in preventing catastrophic moral failures in Enron, Tyco, WorldCom and elsewhere. In the third place, a range of sociological studies of moral culture, both in business and in American society, appear to give strong support to the argument that a disciplinary approach to morals may be at best ineffective and at worst counter-productive. The first group of such studies we shall consider focuses on aspects of the decline of traditional moral authority.

### **3. Moral pluralism and the decline of authority**

A number of scholars have drawn attention recently to a growing ‘crisis of morality’.<sup>2</sup> The nature and extent of this crisis are open to debate. There is no evidence, in particular, of any significant change in people’s underlying moral values. There is now quite strong evidence, however, of a marked decline, across the developed world, of the traditional moral authorities of church, state and family.

The decline of the church is most evident in Europe, where only about 20% of the population now claim to attend church regularly, down from 40% just a generation ago, and a similar proportion say that religion is important to them. Church attendance in England has fallen to around 5%. The decline in America has been more gradual, with about 37% still claiming to visit church regularly, but even here the time spent on church-related activities has fallen sharply and Americans are anyway less likely to attribute moral authority to a church or church leader, as opposed to their consciences, than are Europeans.<sup>3</sup>

The decline of the church as a moral authority is also reflected in a steep decline of the institutions of marriage (as measured by cohabitation and illegitimacy statistics) and baptism, and in the respect for and trust in church leaders. Respect for and trust in politicians, judges, the police and other traditional moral authority figures have similarly declined. Families have become less stable and the decline in parental authority is evident.<sup>4</sup> Related to this, there appears to have been a more general shift away from obedience to social norms or rules and towards a greater reliance on personal judgment. Richard Sennett and Robert Bellah and associates have offered persuasive, empirically-based accounts of a psychologizing of the self, in which social identities have given way to psychological ones and, as part of this, each individual has become his or her own moral authority.<sup>5</sup>

This in turn ties in with the growing evidence from surveys and interviews that people have become both more skeptical and less trusting of the morality of others,<sup>6</sup> and less inclined to proclaim their own moral views, or to impose them on others. In his large-scale surveys of middleclass American values, for example, Alan Wolfe found plenty of morality, but ‘morality writ small’, as he called it: people held personally to traditional moral values of loving, caring for and respecting others, but kept them to themselves.<sup>7</sup> In an increasingly pluralistic society, tolerance has become the greatest virtue.

### **4. Discipline, dialogue and the moral governance of post-traditional society**

Although philosophers have recently begun to address questions of pluralism in ethics they have been more concerned, as Elizabeth Anderson has noted, to avoid them. When pluralism is discussed by ethicists it is usually in the context of a critiques of ethical relativism. If there is an apparent pluralism of moral values then the job of the ethicists is to reconcile those values by identify

and eliminating those that rest on mistakes and finding a common ground for the others.<sup>8</sup> Political philosophers too have set as their ideal the rational resolution of value conflicts and have tended to treat tolerance either as the tolerance of (ultimately removable) imperfections or as that of diverse behaviors within a single, universally applicable framework of justice and rights.<sup>9</sup> In the last ten years, however, one group of political theorists has engaged with the realities of a pluralistic and authority-weak society, drawing important conclusions as to the appropriateness of disciplinary forms of governance.

John Gray and Anthony Giddens are founders of the political ‘Third Way’, which has been embraced in somewhat corrupted form by Bill Clinton, Tony Blair and Gerhard Schroder. Gray, a political philosopher, begins his analysis from the observation of value pluralism as the defining characteristic of contemporary society. Building on the work of Isaiah Berlin and Joseph Raz and ultimately on a reading of Hobbes – he argues that the aim of politics in such an environment should not be the impossible task of value reconciliation but the more limited task of achieving a *modus vivendi* among differing goods: not the reconciliation of values but the reconciliation of individuals and way of life honouring conflicting values to a life in common.<sup>10</sup>

Turning theory into practice, Giddens, a sociologist concerned primarily with the political implications of globalization, notes that the pluralism of late modern society is not just the result of a plurality of competing traditions, but that of what he calls a post-traditional society. Traditions still exist, indeed can still be very powerful, but they no longer carry unquestioned authority as the church, for example, or men as opposed to women, once did. They now have to explain and justify themselves in public discourse. Obedience to authority is replaced by reflexive discourse and the legitimate pursuit of individual interests or projects, and politics is shaped by personal interdependence. This leads Giddens to the concept of a ‘dialogic democracy’ (a generalization of what other writers have called deliberative democracy). In a dialogic democracy, he suggests, the focus should not be on counting votes so as to determine and then act upon the will of the people, because that is recognised as being practically impossible, but on creating open public debate on the basis of which reasonable judgements can be made. Similarly, the emphasis of government should not be on controlling behaviour, which in the absence of a dominant tradition will be impossible, but on enabling individuals and groups to determine and live out their own priorities within a discursively negotiated framework of individual and collective responsibility.<sup>11</sup> Unlike universal rules and requirements, a *modus vivendi* cannot be imposed, but must be established through dialogue. The onus on corporate executives, in this conception, should not simply be to ‘follow the rules’, whether in the form of corporate governance requirements or binding ethical codes, but to act as seems appropriate and justify their actions, morally as well as economically, in open dialogue.

## **5. The problem of moral engagement**

The political reasoning of Gray and Giddens gives us one set of reasons for favoring dialogic over disciplinary approaches to business ethics. Another set of reasons revolves around the problem of what I shall call ‘moral engagement’.<sup>12</sup> By moral engagement I mean quite simply the process by which people engage their moral faculties. In some cases this may involve engaging in processes of moral reasoning and/or moral imagination. In others it may just amount to paying conscious attention to moral beliefs and/or desires. People engage morally with a situation when they think about it in moral terms, invoking the categories of good and bad or right and wrong, and drawing implications, at least implicitly, for what should or should not be done.

Moral engagement has not generally been considered a problem, at least by philosophers, whose concerns have been mainly with the origins and nature of moral beliefs and the processes of moral reasoning. How people get from moral thinking to moral action has, since Hume, been widely recognised as a problem, but how they get to moral thinking in the first place has not. For the most part people are in effect assumed to have their moral faculties (however weak or fallible) ‘on tap’.

In many circumstances this assumption is quite reasonable. Moral situations, or situations calling for moral judgement, often present themselves to us as such, and if we fail to respond with appropriate moral actions it is not because of any failure to engage. Some people are wilfully immoral. They engage their moral faculties but choose to ignore them. Many more are driven or restrained by desires that run counter to and overwhelm any moral desires, so rendering their moral faculties impotent. There are also cases, however, in which moral engagement does appear to be the problem, in which moral lapses arise simply from thoughtlessness. People who are quite capable both of making moral judgements and of acting upon them simply fail to realise that a situation calls for moral evaluation. They either take actions ‘without thinking’ about their harmful consequences or unthinkingly fail to take actions that would avert harm by others.

In the next sections I shall argue that this kind of moral failure is of growing importance in our society, and of particular importance in business; and that the governance mechanisms by which we seek to control business ethics may actually be exacerbating it.

## **6. Apathy, common sense and the decline of engagement**

The problem of moral engagement in contemporary society has been highlighted by a number of recent sociological studies of moral attitudes and culture. Keith Tester, for example, in a study of contemporary moral culture, draws attention to a pervasive lack of emotional moral awareness and locates this in a monetarized and media-centered consumer society in which moral concerns have become consumer goods like any other, which no longer impact emotionally on the individual:<sup>13</sup>

We do not think enough about ourselves *in* the world to be able to become aware of the possibility of moral guilt. The happy consciousness, the money system, and plain indifference make sure that the world stays resolutely *out there* and never becomes compellingly *in here*.

In a similar vein, the Croatian sociologist Stepjan Meštrović writes of a “postemotional society”,<sup>14</sup> and Ralph Fevre chronicles the replacement of moral engagement by what he calls “common sense”.<sup>15</sup> This is not what we normally think of as common sense. On Fevre’s definition, common sense is a form of sense-making that “requires that we rely solely on reason, that we act towards others only on the basis of what we know and never on the basis of what we take on trust or that which requires an act of faith.”<sup>16</sup> Here, “what we know” refers primarily to what we know “*about people*, about their thoughts and behavior”.<sup>17</sup> It refers both to what we *all* know – or know in *common*. Ant it refers to what we know through the experience of our *senses* – what we see (directly or through television), what we hear (directly or through gossip), and what we read in the papers, but *not* what we feel. Indeed common sense reasoning has no place for feelings or emotional ‘non-sense’, and no place for belief, whether religious or humanistic. (It also has no place for the theoretical abstractions and refined experimental methods of science, though it is more sympathetic to science than belief.)

As Fevre stresses, there is nothing inherently wrong in common-sense reasoning. It is not only entirely appropriate but also essential to many aspects of day-to-day living, from shopping to politics. In the last century, however, it has proven so successful that it has gotten out of hand, and has come to be applied in areas where it is not appropriate, in particular to moral issues, where a type of sense-making based upon feeling-based reasoning should properly hold sway. Morality, according to Fevre, has been hollowed out. The façade remains, but whereas moral values once had imperative force they are now seen as mere emotions. Instead of basing our moral judgments upon feelings and beliefs, we increasingly base them on common sense: what is right is what is usual or, rather, what appears outwardly to be usual.

At first sight, Fevre’s conclusion seems to run counter to that of other social observers, such as Robert Bellah and Richard Sennett, who have as we have seen argued that the self and its feelings have become our only moral guide. But as Fevre makes clear, the two accounts are in fact complementary. To the extent that people engage with moral issues they increasingly rely directly on their inner feelings rather than on the social rationalization of moral feelings as socially imposed duties. But they are also increasingly reluctant to engage with moral issues at all, in any meaningful sense, preferring to treat them as if they were merely issues of common sense.

Fevre’s analysis is based mainly on examples drawn from the domestic arena of intimate and family relationships, but it can also be applied to some of the moral departures described by sociologists of business. Robert Jackall, for example, in his study of two large, dysfunctional business bureaucracies, quoted

one of his interviewees as saying “What is right in the corporation is what the guy above wants from you.”<sup>18</sup> The manager being interviewed, a cultural outsider, was evidently shocked by this, but for most of his colleagues it was common sense. Moral feelings still counted for something, but only within a very narrow compass. There was some kind of a felt duty to protect one’s buddies, but no sense of a feeling-based moral responsibility to others, whether inside or outside the corporation.

In the post-bureaucratic context of Richard Sennett’s recent study of workers in what he calls the flexible economy, even a duty to one’s buddies is out of place. Sennett writes of the “demeaning superficiality” of contemporary teamwork, in which a mask of cooperativeness conceals an underlying reality of interpersonal competition. As we noted at the end of the last section, the perception of managers as moral actors has given way to a ‘common sense’ perception of managerial self-interest, creating a world in which any expression of feeling or emotion is automatically suspect.<sup>19</sup>

## **7. Moral engagement in business**

The idea that business management might be, as both Jackall and Sennett suggest, a realm of particular moral disengagement is already familiar from other literatures. Alasdair MacIntyre, for example, who casts the manager with the therapist and the rich aesthete as one of the three dominant ‘characters’ (one might say archetypes) of modern culture, notes that “managers themselves and most writers about management conceive of themselves as morally neutral characters whose skills enable them to devise the most efficient means of achieving whatever end is proposed.”<sup>20</sup> This conception of management as a technical, amoral activity has a long history, but propagated by the business schools it became increasingly dominant in the second half of the last century and has led, according to Stanley Deetz, to a business culture in which managers have become locked into a form of purely instrumental, means-oriented reasoning and locked out of any moral engagement.<sup>21</sup> The way in which the managerial role is defined, as rational and ‘objective’ or value-neutral, gives no place to moral values, or to the emotions that go with them. When moral issues do arise, Deetz suggests, they are either translated automatically into technical, economic terms or suppressed altogether.

This tendency is supported by several features characteristic of business. First, and most obviously, business is necessarily concerned with, and at times dominated by, an overriding need for economic performance. Businesses are there to make profits and managers are employed to make profits and in a competitive environment this objective alone can require their total concentration. It is often said that ethics pay in the long term, but the long term only exists for a business if it can survive economically in the short term and for most companies that is not easy. In many of the classic cases of business ethics failings (Sears Auto Centers, Ford Pinto, Nike, to name just a few), pressing performance needs appear to have blinded managers to the moral dimensions of the situations they were managing.

Problems arose not because people were immoral in any way but because basically good people working in basically good companies simply failed to engage their moral faculties.

Second, business activities are often motivated or at least accompanied by pecuniary self-interest, which can easily turn into greed. In most people self-interest tends to act as a counterweight to moral desires rather than as a block to moral engagement, but greed is addictive and like any addiction it takes people over. As Durkheim noted, morality is about constraint and it is in the nature of greed that it knows no constraints.

The third feature of business that supports an amoral culture and makes moral engagement difficult is bureaucracy. Most business organizations are bureaucratically structured. In recent years we have seen the emergence of much more flexible 'network' or 'post-bureaucratic' organizational forms, but while these break from some aspects of the bureaucratic tradition they still retain significant elements of bureaucracy. The relationship between bureaucracy and ethics is contentious. In the Durkheimian tradition, bureaucratic structures are seen as reflecting the moral structures of society at large, and morally constraining the economic greed that would otherwise dominate the business enterprise.<sup>22</sup> Most recent treatments of bureaucratic ethics, however, have stressed its morally disabling characteristics. Robert Jackall, for example, contrasts the contemporary world of corporate bureaucracy with an earlier era of individual entrepreneurship and the protestant work ethic. Bureaucracy, he suggests, erodes morality by separating action from responsibility and work from salvation. The structure of the bureaucracy comes between a person and the effects of her actions, bureaucratic rules replace the rules of a moral community, and a narrowing career hierarchy encourages competition rather than cooperation.<sup>23</sup> He noted, for example, that the managers he interviewed seemed to have lost any sense of the impacts of their businesses on society (one produced toxic products, the other toxic effluents). They were bound up completely in the routines and problematics of the bureaucratic structure.

From the very different theoretical perspective of European critical theory, Zygmunt Bauman and Richard Stivers also argue that bureaucratic technologies removed both the need and the capacity for individual moral choice.<sup>24</sup> In his study of the Nazi Holocaust, Bauman argues that this was possible only because of the effectiveness of a bureaucratic routine that neutralised moral behaviour:<sup>25</sup>

Men are easily induced to contribute to collective and co-ordinated endeavours the outcomes of which they would find repulsive and unbearable in the context of morally significant relationships.

The thousands of people involved in rounding up, transporting and killing the Jews, were not all evil; they were simply following bureaucratic rules. "*bureaucracy's double feat*" according to Bauman, "*is the moralization of technology, coupled with the denial of the moral significance of non-technical issues.*"<sup>26</sup> Stivers similarly argues that whereas traditional morality placed constraints on power and emphasised the responsibility of individual choice, the

morality of technology, which is expressed above all in bureaucratic rules, is itself all-powerful and leaves no room for choice. It is, in this sense, “an anti-morality”:<sup>27</sup>

That is, every traditional morality has placed some limitations on the exercise of power – political and personal. Because of our fascination with technology, indeed our tacit adoration of it, we do not perceive the need to limit its growth and expansion into every sphere of human existence. Technology is at bottom nothing more than an expression of power: it is the most efficacious and efficient means of acting. My thesis is that technical and bureaucratic rules are the “morality” of technology.”

The world of business is permeated by technology, by the organizing technologies of bureaucracy and teamwork and by the decision-making technologies of economic and finance. It is dominated by the economic imperative of bottom line performance and it is increasingly predicated on the assumption of individual self-interest. Whereas managers were in the past assumed to be dutiful stewards, paid for their contribution, and looked after by the company, they are now assumed to be self-interested agents, paid for their economic output, and expected to look after themselves. All these factors contribute to a business culture in which moral engagement is problematic.

## **8. Discipline and disengagement: the effects of corporate governance**

One area of discourse that has been particularly affected by the kind of common sense reasoning described by Ralph Fevre is that of corporate governance. The founding concerns of corporate governance were, of course, moral, and that continues to be reflected both in debates about stakeholders and corporate social responsibility and in the motivations of key shareholder activists such as Robert Monks. The dominant theme of corporate governance, however, became that of financial returns to shareholders, and how these can be maximised in the face of the assumed self-interest of senior management. Within both the economic and the common sense paradigms (which are closely related), self-interest is not a moral failing to be corrected but a simple fact of life. Corporate governance measures have therefore focused on measures designed either to direct self-interest, using incentive pay packages to tie managers’ personal interests to the financial interests of their shareholders, or to contain it. The ‘market for corporate control’, or takeover market, acts as a disciplinary mechanism to deter managers from under-performing, and increasingly demanding reporting requirements limit their scope for discretion (which is assumed to be exercised against shareholder interests) by monitoring performance ever more closely. In the wake of the Enron collapse, American CEOs are being asked to commit themselves personally to the accuracy of these accounts.

With the scandals at Enron, Tyco and other corporations in 2001-2, corporate governance has become once again a moral as well as a financial concern, but the remedies for moral failing remain rooted in the common sense

approach of finance. The best way to ensure ethical behaviour in business, it is assumed, is to strengthen firms' codes of ethics, limit managerial discretion and increase disclosure requirements. As John Roberts has recently emphasised, however, what these disciplinary mechanisms of corporate governance achieve is control over the outward appearance of managerial behaviour. In psychological terms, they act not by promoting any moral engagement but "by creating a narcissistic preoccupation with how the self and its activities will be seen and judged."<sup>28</sup> By putting managers in the spotlight, they force them to take account of how their performance is seen by others, but in so doing they also isolate them from their social and moral surroundings. In Roberts's terms, the processes of accountability favoured by American corporate governance are "individualising" processes, generating "a sense of self as essentially independent and autonomous with only an external and instrumental relationship to others."<sup>29</sup> They are not merely responses to perceived self-interest, but actually produce and reproduce that self-interest, destroying trust and actively exacerbating the governance problem.

This can be illustrated by the cases of Enron and Tyco. In governance terms, both companies were exemplary. They possessed comprehensive codes of ethical conduct, they used incentive pay to tie the rewards of their executives to shareholder returns, they met stringent reporting requirements and they had what appeared to be strong and independent boards of directors. None of this stopped their senior executives from engaging in grossly immoral actions with, in Enron's case, disastrous consequences for employees and pensioners as well as shareholders. The incentive pay fed the executives' greed. The reporting requirements locked them into the manipulation of an image that became increasingly divorced from reality. The ethical codes and upright boards created a false sense of security and, combined with business cultures of economic performance and moral disengagement protected them from even the thought of moral criticism.

## **9. Engaging through dialogue**

The counterpoints to Roberts's 'individualising' processes of accountability are 'socialising' processes that engage actors in face-to-face dialogue with those to whom they are accountable. Whereas individualising processes seek to control behaviour in the absence of trust, socialising processes act to build trust and trustworthiness and so render disciplinary controls unnecessary.

Roberts suggests that in the context of corporate governance socialising processes of accountability might be found in the face-to-face interactions between board members, but board members are themselves locked into the morally disengaged discourse of shareholder returns. They are, after all, representatives of the shareholders. What would happen, though, if the law were changed to make some of the directors of a company representatives of the public interest, of society at large? Such a move would not be unreasonable. Society

grants businesses a licence to operate. It limits the liability of their shareholders and gives them the benefits of legal personhood. It protects them from bankruptcy and if that protection is insufficient, the company fails and bankruptcy ensues, it picks up the pieces. Shareholders may be residual claimants, but society at large carries the residual risk. A presence on the board (not, of course, on the executive) would not be much to ask in return.

I am not suggesting here that this would necessarily work in practice. There could be no guarantee that public interest directors would not be gulled – or, indeed, bribed – by dishonest executives. There could be no guarantee either that the directors would not seek to impose their own personal moral values or cast themselves as watchdogs and resort to disciplinary mechanisms rather than engaging in dialogue. And there could no doubt that the proposal would be fiercely resisted. But it is worth exploring briefly as an example of how things might be done differently.

Appointed by government, public interest directors would be independent in a way that today's 'independent' directors, appointed in effect by the chairman and CEO and vulnerable to the exercise of their power, are not. They would be able to voice their concerns, both inside and if necessary, though as a last resort, outside the corporation. And they would be licensed explicitly to ask moral questions and engage the executives of the corporation in moral dialogue. By acting as a channel of communication public interest directors could also make dialogue possible, in a way in which it is not at present. Many large corporations are already finding that in order to retain their 'license to operate' it makes sense to enter into dialogue with the large NGOs and with the Corporate Social Responsibility and Corporate Governance representatives of the large institutional shareholders. It is common ground on both sides that intelligent and informed debate on ethical, environmental and governance issue is far more productive than form-filling, box-ticking or shareholder resolutions, and research, for example on the effects of shareholder activism, supports this. The corporations are also finding, however, that to engage with all the NGOs and all the institutions that want to talk with them is simply impossible.

## **10. Concluding reflections: foundations for a dialogic ethic**

The argument we are putting forward here is that in the absence of a strong traditional framework of agreed social norms and authorities, in a world in which people are in effect their own moral authorities, disciplinary forms of governance are both inappropriate and counter-productive. Instead of delivering conformity to moral norms they encourage an instrumental response, enhancing existing trends toward moral disengagement and so exacerbating the problem they were intended to solve. In a pluralistic, post-traditional society, morality has like everything else to be negotiated and the only route to a common moral order is through dialogue. Moreover this moral order will always be imperfect and provisional.

To admit that there can in practice be no universally applicable system of justice and rights, and no ultimate rational moral consensus, is not however to

give way to moral relativism, or to deny the value of moral philosophy. The position proposed here is fundamentally antithetic to Kantian or utilitarian claims to moral absolutism, and even to the claims of Habermasian discourse ethics, but it is very open to the use of Kantian or utilitarian arguments within a practically oriented dialogue. It is opposed to those kinds of virtue theory that seek to locate morality in the traditions and conventions of a community or society, but quite open to a critical and reflexive use of tradition and convention. It denies the possibility of complete moral consensus, but it relies heavily on some more limited consensus, if dialogue is to be effective.

What form, then, might this consensus take, and with what philosophical traditions is the approach suggested here consistent? Practical attempts to build a global moral consensus have centred on the Universal Declaration of Human Rights, and while human rights themselves are too culturally specific and too easily conflicting to provide the foundation we need, the Declaration does give a lead. The consensus on which it rests, and on which all those involved in its writing were able to agree, is that “humans ... should act towards one another in a spirit of brotherhood”.<sup>30</sup> What this evokes are the moral sympathies that underlie all the great ethical traditions. Christians talk of love and charity, Jews of loving-kindness, Buddhists of loving-kindness and compassion, Confucians of human-heartedness, and so on. The words and the religious groundings are different, but what they express is something very similar – and an obvious candidate for the foundation of moral dialogue.

These basic moral sympathies also provide the foundation for a range of dialogic moral philosophies. One is Confucianism, which is often thought of as conventional but has been convincingly portrayed by Heiner Roetz as an early expression of a critical post-conventional philosophy.<sup>31</sup> Convention, for Confucius, was always the starting point, but it was always to be examined critically, and the process of examination in Confucianism is, as Daryl Koehn has emphasised in the context of business ethics, dialogic.<sup>32</sup> Koehn has suggested that Confucianism might provide the basis for a global business ethic, and as secular humanistic moral philosophy, which can be taken with or without religion, it seems well suited to that role, but dialogic philosophies can also be found more recently, and in the West. John Roberts’s account of a dialogic ethic is informed by the philosophy of Emmanuel Levinas, and both Levinas and Martin Buber, working in the European tradition of post-Heideggerian existentialism, offer perspectives in which dialogue and ethics are inseparable. To behave morally is, in part, to engage dialogically with the other.<sup>33</sup> Finally, for the American pragmatist John Dewey, dialogue is both an expression of morality, the essence of being human, and the central mechanism for the moral governance of society.<sup>34</sup> Indeed Dewey’s conception of moral pluralism, in which traditions act as resources rather than as authorities, and practices have to be justified dialogically by their effects, is very close to that described here.

The observations of this last section should be taken as tentative suggestions only. I would argue, however, that the analysis of the paper provides at least some grounds for supporting two recent projects in business ethics: Ed

Freeman's project of a pragmatic 'divergent' stakeholder theory, and Daryl Koehn's project of a process-based global business ethic based on Confucian and Watsujiian ideas.<sup>35</sup>

## Notes and references

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<sup>1</sup> Michel Foucault, *Discipline and Punish: The Birth of the Prison* (New York: Vintage, 1979), and *Power/Knowledge: Selected Interviews and Other Writings, 1972-1977* (New York: Pantheon, 1980).

<sup>2</sup> See for example Francis Fukuyama, *The Great Disruption: Human Nature and the Reconstitution of Social Order* (New York: The Free Press, 1999); Gertrude Himmelfarb, *The Demoralization of Society. From Victorian Virtues to Modern Values* (New York: Knopf, 1995); Richard Stivers, *The Culture of Cynicism. American Morality in Decline* (Oxford: Blackwell, 1994), p. 175; Keith Tester, *Moral Culture* (London: Sage, 1997); Ralph Fevre, *The Demoralization of Western Culture: Social Theory and the Dilemmas of Modern Living* (London: Continuum, 2000)..

<sup>3</sup> For various statistics see Robert D. Putnam, ed., *Democracies in Flux. The Evolution of Social Capital in Contemporary Society* (New York: Oxford University Press, 2002), and Robert D. Putnam, *Bowling Alone. The Collapse and Revival of American Community* (New York: Simon & Schuster, 2000).

<sup>4</sup> See for example Fukuyama, *The Great Disruption*, Putnam, *Democracies in Flux*, and Putnam, *Bowling Alone*.

<sup>5</sup> Robert Bellah, Richard Madsen, William M. Sullivan, Ann Swidler and Steven M. Tipton, *Habits of the Heart: Individualism and Commitment in American Life* (Berkeley: University of California Press, 1985); Richard Sennett, *The Fall of Public Man* (New York: Knopf, 1977; London: Faber, 1993).

<sup>6</sup> Putnam, *Bowling Alone* and *Democracies in Flux*.

<sup>7</sup> Alan Wolfe, *One Nation After All* (New York: Viking, 1998). See also M. P. Baumgartner, *The Moral Order of a Suburb* (New York: Oxford University Press, 1988).

<sup>8</sup> For exceptions to this see Joseph Raz, *The Morality of Freedom* (Oxford: Oxford University Press, 1986) and Elizabeth Anderson, *Value in Ethics and Economics* (Cambridge, MA: Harvard University Press, 1993).

<sup>9</sup> For a critical analysis see John Gray, *Two Faces of Liberalism* (Cambridge: Polity, 2000).

<sup>10</sup> Gray, *Two Faces of Liberalism*.

<sup>11</sup> Anthony Giddens, *Beyond Left and Right: The Future of Radical Politics* (Cambridge: Polity, 1995) and *The Third Way: The Renewal of Social Democracy* (Cambridge: Polity, 1998).

<sup>12</sup> It is indicative of a general lack of concern with this problem that it seems to have no established name.

<sup>13</sup> Tester, *Moral Culture*, 150.

<sup>14</sup> Stepjan Meštrović, *Postemotional Society* (London: Sage, 1997).

<sup>15</sup> Fevre, *The Demoralization of Western Culture*.

<sup>16</sup> Fevre, *The Demoralization of Western Culture*, 18.

<sup>17</sup> Fevre, *The Demoralization of Western Culture*, 15.

<sup>18</sup> Robert Jackall, *Moral Mazes: The World of Corporate Managers* (New York: Oxford University Press, 1988), 6 and 109.

<sup>19</sup> Richard Sennett, *The Corrosion of Character* (New York: Norton, 1998), quote on p.99.

<sup>20</sup> Alasdair MacIntyre, *After Virtue: A Study in Moral Theory*. 2<sup>nd</sup> edition (London: Duckworth, 1985), 74. MacIntyre goes on to question the moral neutrality of managerial effectiveness by casting effectiveness in terms of manipulative power rather than expertise, but it his representation of the "dominant view" that is of interest here.

<sup>21</sup> Stanley Deetz, *Democracy in an Age of Corporate Colonization* (Albany, NY: SUNY Press, 1992).

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- <sup>22</sup> See for example Emile Durkheim, *Professional Ethics and Civic Morals* (London: Routledge, 1957); Mary Douglas, *Natural Symbols: Explorations in Cosmology*. 2<sup>nd</sup> edition (London: Routledge, 1973).
- <sup>23</sup> Jackall, *Moral Mazes*.
- <sup>24</sup> Zygmunt Bauman, *Modernity and the Holocaust* (Cambridge: Polity, 1989); Stivers, *The Culture of Cynicism*.
- <sup>25</sup> Zygmunt Bauman, "Effacing the face: on the social management of moral proximity", *Theory, Culture and Society*, 7 (1990), 5-38, quotation from p. 34.
- <sup>26</sup> Bauman, "Effacing the face", 160, emphasis in original.
- <sup>27</sup> Bauman, "Effacing the face", ix.
- <sup>28</sup> John Roberts, "Trust and control in Anglo-American systems of corporate governance: the individualising and socialising effects of processes of accountability", *Human Relations*, 54 (2001): 1547-1572, p.1553.
- <sup>29</sup> Roberts, "Trust and control", 1551.
- <sup>30</sup> For a discussion of this consensus see Francesca Klug, *Values for a Godless Age* (London: Penguin, 2000). Klug includes the full text of the Universal Declaration of Human Rights as an appendix.
- <sup>31</sup> Heiner Roetz, *Confucian Ethics of the Axial Age* (Albany, NY: SUNY Press, 1993).
- <sup>32</sup> Daryl Koehn, *Local Insights, Global Ethics for Business* (Amsterdam: Rodopi, 2001).
- <sup>33</sup> Emmanuel Levinas, *Totalité et Infini* (Martinus Nijhoff, 1961) and *Otherwise than Being* (The Hague: Martinus Nijhoff, 1974); Martin Buber, *Between Man and Man* (London: Fontana, 1961) and *I and Thou* (New York: Scribners, 1958). Some of Levinas's ideas are restated in more accessible form by Zygmunt Bauman, *Postmodern Ethics* (Oxford: Blackwell, 1993).
- <sup>34</sup> See for example John Dewey, *Human Nature and Conduct* (New York: Modern Library, 1929).
- <sup>35</sup> R. Edward Freeman, "The politics of stakeholder theory: some future directions", *Business Ethics Quarterly* 4 (1994), 409-422, and "Divergent stakeholder theory." *Academy of Management Review*, 24 (1999), 233-236; Koehn, *Local Insights, Global Ethics*.