

DRAFT

RE-FORMATION or RE-UNION IN BUSINESS ETHICS and the ABIDING NATURE OF THE SELF

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In 1517 when Martin Luther hammered his 95 edicts to the church door, it turned out to produce a dramatic schism in Christianity. Still, despite the initial schism, there developed a resulting set of interrelationships among all Christians, although probably not what Martin Luther had in mind in his initiation of the 16<sup>th</sup> century reformation movement. Despite the 95 edicts there is still enormous overlap between Roman Catholicism and various forms of Protestantism, particularly in agreement on basic Christian beliefs. Similarly, I will argue, such interdependence and overlap exists between empirical, experimental and normative methodologies in business ethics.

INTRODUCTION

The “call for papers” for this conference states that “[t]he objective of our conference is to encourage dialogue on these questions: In which way is behavioral ethics relevant to the goals of normative business ethics?” I want to amend that “call” to add, “In which way is normative ethics relevant to the goals of behavioral and experimental ethics?”

A division, encouraged by methodological differences, has sometimes been evident between normative business ethics, behavioral business ethics, experimental ethics, and the vast literature on corporate social responsibility. These various streams of business ethics seem to indicate different methodologies and researchers including myself often pursue these tracks as if they are separate, indeed sometimes alien, forms of thinking: social science approaches, often descriptive, experimental scientific quantitative empirical thinking, and normative philosophy. Business ethics in its original formation was and is by and large normative, behavioral business ethics and experimental ethics are by and large descriptive and empirically grounded, and corporate social responsibility (CSR) can be

descriptive of business - society relationships and/or normative as to what those relationships and obligations should be. By and large, then, there appears to be a descriptive/normative bifurcation with CSR wavering in between.

In this paper, I will question these alleged bifurcations. It is not merely that “experimental ethics constitute needed reforms in business ethics” as the “call” suggests, but that there is also a mutual “need” for reform on the part of all parties. A number of you at this conference have argued in ring (see , Werhane, 1994; Schreck, van Aaken and Donaldson, 2013; Francès-Goméz, Saconni and Faillo, 2015; Schreck, 2016), albeit from different points of view, behavioral, experimental, and normative ethics are interrelated. I agree, and I shall introduce the idea of “complex adaptive social systems” as an approach to account for the interrelationships between normative, descriptive (or empirical) and experimental ethics. I shall do that by reframing this plethora of analyses in terms of a systemic approach.

I will argue that individuals and institutions (and communities), the subject matter for all these streams, are embedded in what some researchers have called complex adaptive systems or better, complex adaptive *social* systems. (See Miller and Page, 2007; Plesk, 2001; Werhane, 2002 and 2008) “A complex adaptive [social] system (CASS) is a collection of individual agents that have the freedom to act in ways that are not always predictable and whose actions are interconnected such that one agent’s actions change the context for other agents.” (Plesk, 2001, 311-2. See also, Miller and Page, 2007, 3-8)

Thus, one account of a reunion or re-formation of these different disciplinary approaches is to appeal to a complex adaptive social systemic mindset that considers the interchanges and interrelationships between various empirical, experimental and normative logics and acknowledges an element of unpredictability (thus an element of human freedom) amidst these interchanges.

Still, one must try to explain individual agency to which Plesk refers and the human (and thus organizational) capacity for ethical responsibility, judgment and choice. In the last section of the paper I will sketch two strands of thinking that make a case for human responsibility; the notion of the disengaged spectator (an idea originating with Scottish Enlightenment thinkers) and Michael Walzer's idea of the thin, abiding subject self (an idea that is grounded in Kant's idea of the transcendental unity of apperception and/or Sartre's notion of the "pour-soi" or nothingness.). I will conclude that we cannot neglect these two aspects of human individualism that likely can be explicated by experimental or behavioral business ethics as well, but they make normative ethics possible.

#### THE DESCRIPTIVE-NORMATIVE REUNION

As I suggested in the introduction, normative business ethics, behavioral business ethics, experimental ethics, and corporate social responsibility (CSR) are grounded on different descriptive, empirical, experimental or normative methodologies. Each of these methodologies focuses research in particular ways, and each introduces a way of framing that is peculiar to that discipline. When we frame these strands of research as different methodologies, this is helpful in narrowing the subject matter and clarifying research agendas. But this bifurcated framing is just one of various possible approaches to construct our analysis. These divisions, as I have oversimplified them, have been challenged in many quarters, (see for example, Werhane, 1994; Schreck et.al., 2013, Francès-Goméz, 2015; Schreck, 2016, Cragg, 2018 forthcoming, and there are many others. See also, *Business Ethic: A European Review*, July 2015 special issue on research methods in business ethics and *Research Approaches to Business Ethics*, edited by Werhane, Freeman, and Dmytriyev, Cambridge University Press, 2018 forthcoming) Let me just briefly outline some important points from this literature, although I cannot do justice to the careful arguments of these texts.

Francés-Gómez, Sacconi and Faillo use an experimental economics methodology to test normative assumptions in business ethics, and thus, they contend, validating or bringing into question those normative theories with experiments and empirical data. (Francés-Gómez, et.al, 2015 See also, Francés-Gómez, et. al., 2012 working paper) Philipp Schreck adds to this argument by pointing out that experimental economics' psychological studies of human behavior, are important as boundary concepts in our expectations of normative behavior and in strengthening positive and weakening corrupting behavior. (Schreck, 2016,374)

Wesley Cragg, in a forthcoming paper, argues that "[e]mpirical (i.e. social science) studies of ethics and normative studies are not uncommonly interpreted as mutually incompatible. Do people do what they do because of causal factors that are social or psychological or biological in nature? Or do they do what they do because of what they value and believe they ought to do? Reflection based on experience suggests that these two perspectives are not mutually nullifying but rather are complementary. " (Cragg, 2018, forthcoming)

The interdependence of normative and descriptive ethics is evidenced in case methodology that is used by many of us in the classroom or in research. There is a built-in intersection between the descriptive "no-blooded" presentation of a well-formulated case, at least a case in an ethics or social responsibility, the issues or dilemmas it poses, and the analysis of the case normatively in terms of various alternatives, viability and a possible resolution of the issues. The case, a good case, is purely descriptive, and the context and the socio-political setting of the case must be considered. But the analysis, even in a qualitative methodological approach, ends up with a normative (as well as descriptive) emphasis in resolution. Thus at least for those of us who teach business ethics using a case methodology, we are dependent on well-developed descriptive case data for a good analysis. But there are normative as well as descriptive goals as well—to use the case not only as an exemplar of an ethical issue in commerce,

but also to encourage reasoning skills in the case analysis, and, more explicitly normatively, to resolve the case or to critique that resolution. Perhaps this is only characteristic of a philosophical normative approach but I would be interested to find out how my more empirical colleagues teach cases, at least those branded as “ethics” or CSR.

As I suggested earlier, various uses of the term CSR imply a descriptive-normative overlap since a CSR approach can be descriptive of what a company’s mission, focus or behavior, and/or normative in prescribing what a corporation should or should not do. To account for what appears to be muddled thinking in the CSR literature, Schreck, van Aaken and Donaldson, in recent paper, unpack the relationships between social science and normative methodologies in order to “explain the special role of empirical knowledge for implementing a firm's responsibility to society” (Schreck, van Aaken and Donaldson, 2013, 298) Appealing to a three-step syllogism they demonstrate the intersections between empirical and normative dimensions of CSR. One example of this is the following:

- (1) Firms ought not to be corrupt (premise about normative principle).
  - (2) Industry-wide rules are the best means against corruption (premise about factual conditions).
  - (3) All firms ought to engage in efforts to establish industry-wide rules (prescription for action).
- (Schreck, van Aaken and Donaldson, 2013, 300)

As Schreck describes this in a later paper, (Schreck, 2016), “descriptions and explanations of immoral behavior are relevant to any concept of [normative] business ethics that goes beyond the goal of justification and also pursues the goal of implementation.” (365) I interpret this syllogistic approach as demonstrating not merely that empirical knowledge is essential to normative decision-making but also that the normative dimensions of CSR are part of the intent of descriptive analyses of CSR.

Another example of this intersection is in the plethora of literature on rights theories. The uses of the terms “human rights’ and “moral rights” are ambiguous and sometimes used interchangeably. The question is, are human rights descriptive of human beings qua human, as John Locke might have thought. Are human rights descriptive of various political institutions and principles that incorporate those in their declarations or constitutions? Or are they normative moral rights—rights that each of us should have, but do not. Or does the term “rights” imply both? This is more complex than I have outlined rights theories, but it illustrates the muddy uses of that term.

There is one more element of the interrelationship between the behavioral/descriptive or experimental approaches and normative ethics. Commentators doing analyses from their own methodological points of view as well as those who challenge the bifurcation, and those who focus on CSR are all, I would argue, talking about one subject: *applied ethics, e.g., business ethics and/or (corporate) social responsibility*. The uses of those words indicate, sometimes merely implicitly, a normative element. If that is not the case, then can the subject matter of any of these methodologies have to do with ethics or CSR?

If we rethink the focus and content of these streams of thinking, as several commentators I cited above have argued, we will discover that there is an inexorable interrelationship between the descriptive and the normative, with, of course, various limitations, most of which are introduced by behavioral and experimental ethics such as one’s social and historical situation, culture, religious beliefs, context, capacities “blind spots” in managerial or corporate thinking, institutional restraints, and psychological challenges. (see also, Bazerman and Tenbrunsel, 2011 and Werhane, et.al, 2013 for elaborations of these limitations and challenges.) I now want to suggest a viable model for accounting for these interrelationships and mutual dependencies that leaves explanatory “space” for human choice and freedom: the idea of a complex adaptive social system.

## COMPLEX ADAPTIVE SOCIAL SYSTEMS

Each of us and each of our institutions and communities is embedded in a complex historically grounded social, familial, cultural, political and even religious set of interactive social networks that affect and are affected by mutually triggered individual, institutional and even community decisions, choices and actions. This is what several thinkers have called a “complex adaptive system,” or better, a “complex adaptive *social* system.” (CASS) (Miller and Page, 2007, Plesk, 2001, Werhane, 2002, 2008)

One might think of this as an enormous complex interrelated and interactive four-dimensional stakeholder network, and there is not merely one global CASS. Rather, there are layers of systems. So, for example individual lives within and interacts with several systems including other individuals and groups of individuals, complex organizations, messy political economies and an ever-evolving global network. And most organizations themselves are complex adaptive systems as are political economies and the ecosystem with which we interact daily. This is probably obvious. These are “adaptive” evolving changing systems because each of us as individual or organizational actors, although bounded by our particular situations, can act, and act with emotion, with reason or without reason, with Twitter or Facebook, and those actions and behaviors affect and change our relationships and thus the evolution of various complex adaptive social systems on each level.

We experience our lives within various complex adaptive social systems, but we can also study and separate various forms of thinking, thus accounting for the development of various empirical, experimental and normative methodologies. But because we live both within and

react to these systems, this accounts for the interaction and overlap between the descriptive, experimental and the normative. Moreover, while individual and institutional actions are a result of these constantly evolving networked interactions, according to CASS theorists there is still room for choice and judgment, not always aligned with the systems in which individuals and organizations (social agents) exist, and those choices and judgments, in turn, affect the system, often in unpredictable ways. According to experts in CASS, unpredictability is a result of the complexity of the system *and* the behavior of its individual and organizational actors such that “understanding the behavior of each component part” will not yield full understanding of the continually evolving system. (Miller and Page, 2007, 3). Alternately, grasping a system in its full complexity at any moment in time (although almost impossible to do in practice) will not yield perfect predictability of the future.

Indeed, according to Miller and Page, “[s]ocial agents [individuals and organizations] find themselves enmeshed in a web of connections...[But despite these connections] social agents are also capable of change via thoughtful, but not necessarily brilliant, deliberations about the worlds they inhabit.” (10) That is, social agents (both individual and institutional) do not merely react or act. They are also aware or “mindful of their actions, and they are capable of changing their behavior and thus the systems in which they act, even alternating the course of history, albeit very slowly and in very small ways within the restraints of the system (and its historical time/space location) in which they exist.

As Philipp Schreck reminds us when commenting on institutional theory, “...even if ethics is considered a primarily institutional matter, the evaluation of an institutions ethical quality presupposes the capability of ethical judgment. This judgment remains the responsibility of



individuals.” (Schreck, 2016, 380) I would add to that that “even if ethics is considered a primarily a result of systemic interactions, the evaluation and dynamism of a complex system is ever evolving, presupposes the capability of individual and organizational ethical judgment and choice.”

Within the bounded rationality of any system, then, there is leeway for decision-making or simply randomly unpredictable behaviors that cannot be fully predicted because of the mindfulness and plasticity of social agents themselves. To think of it another way, given both the determinism and unpredictability of a CASS, CASS theorists conclude that this unpredictability or chaos generated in any CASS can only be accounted for by the volatility of the human capacity for action.

What a CASS model tries to take into account is the ways in which we can approach the data of human experience, its normative intent, and its unpredictability. Each of these mind sets separates out a component of ethics but in fact they all interact. It also is an explanatory model for explaining human and organizational (social agent) choice, independence, and thus human judgment and responsibility I shall discuss that in the next section.

By framing the various methodological approaches to business ethics in terms of CASS relationships as both complex and adaptive thus both boundedly determined and free or even sometimes chaotic, understanding the interconnections between the descriptive and the normative is neither surprising nor unimportant. This is not to disparage or undervalue any the various methodological approaches to behavioral, experimental or normative ethics. Rather CASS is an explanatory model to help us grasp the inexorable interrelationships between these methodologies.

## POSSIBLE SOURCES OF FREEDOM AND RESPONSIBILITY

Despite the fine work on reuniting empirical and normative ethics, and despite the notion of a complex adaptive social system, bifurcated thinking still exists in practice and in a great deal of academic journal offerings. This has led to unsettling results for the notions of freedom and responsibility in particular.

While normative ethicists usually argue that human choice is necessary to hold individuals and organizations responsible, work in experimental and behavioral psychology points to the various cognitive and situational constraints on individual freedoms, for which there is a great deal of evidence. I will now address this.

Let us accept the conclusions of the vast research on the various social, cognitive and situational constraints on human choice. These conclusions question the extent of normative intent of questions regarding freedom and responsibility that philosophers sometimes imagine as a set of purely independent judgments (although this is a questionable caricature of most philosophical thinking after Descartes). Still, if the analysis of complex adaptive social systems has value, the phenomena of random often unpredictable human choices and judgments, which is often evidenced in institutional decision-making as well, however narrowly limited, has to be accounted for.

I will argue that there are two bits of individualism that escape a purely deterministic account and support a normative case for freedom and thus responsibility. The first is the human ability to step back and study ourselves, our behavior, our histories, our cognitive and situational constraints, and even our theories about the self. This is what Adam Smith and others call taking a “spectator” perspective.<sup>1</sup> This

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<sup>1</sup> Note that Smith’s idea of an impartial spectator is not to be equated with a “view from nowhere.” Smith never claimed that human beings could be perfectly impartial nor completely divorced from the social context. Rather the impartial spectator is an explanatory mechanism to clarify how we can study ourselves and our activities and even develop a judgmental but often flawed conscience “watchdog” of ourselves.

spectator phenomenon or epi-phenomenon allows us not only to study ourselves and our histories, but also make choices and direct our lives, albeit within many constraints and often not propitiously. It also explains what we are doing at this conference, what some call a meta-analysis. That is, while each of us brings to the table our own perspective, we are also engaged in stepping back and studying our own and others' theories and points of view. We are not merely embroiled in our own mental models but can evaluate our own and others' theoretical perspectives, and indeed revise our theories and arguments. I think that ability is uniquely human.

The second is what Michael Walzer has called the "thin self," the subject self, in neoKantian terms, that is omnipresent as self-consciousness or self-identity, the "I" that is the abiding subject. (Walzer, 1994) As Lionel Trilling describes this phenomenon, it is that which "perdures" through however our lives are molded, constrained, situated or changed. (quoted in Walzer, 1994) This is not to argue that the self is a distinct atom; it is created out of and embedded in history, culture and social practices, that is, a set of CASS. That is the thick changing historical person who each of us is. Indeed, Sartre calls the subject self "nothingness" because one cannot capture or observe it except as the ever-receding subject of human action. (Sartre, 1956) Still, a thick description cannot account for the continuing identical ever-present subject of the historical self. It is that latter dimension of self that is the source for our spectatorship, that accounts for the 'space" within a complex adaptive social system to act, emotionally, rationally or unpredictably, and to engage in meta-analyses.

## CONCLUSION

Studying various methodologies for business ethics is an extraordinarily worthwhile venture. Normative business ethics depends on behavioral ethics and work in experimental ethics for its basic knowledge of human psychology and human and organizational behavior. But reciprocally behavioral and experimental ethics have normative intent as well as empirical grounding. I have suggested that the

model of a complex adaptive social system is one of the models that can explain the interrelationships between these various methodologies while leaving a “space” for human decision-making in its various predictable and unpredictable dimensions. This proposal is, of course, speculative and invites much further explanation and exploration--avenues for future research.

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