

On the (Im)Possibility of Business Ethics

Issues in Business Ethics

VOLUME 37

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Minka Woermann

On the (Im)Possibility of Business Ethics

Critical Complexity, Deconstruction,
and Implications for Understanding
the Ethics of Business

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ISSN 0925-6733

ISBN 978-94-007-5130-9

ISBN 978-94-007-5131-6 (eBook)

DOI 10.1007/978-94-007-5131-6

Springer Dordrecht Heidelberg New York London

Library of Congress Control Number: 2012949686

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Printed on acid-free paper

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In memory of, and with thanks to,

Professor Paul Cilliers (1956–2011)

*who taught me that being ‘free of the quiet
desperation of clinging too tightly to answers,
may be our greatest act of faith’ (William
O’Daly for Pablo Neruda).*

Preface

As a result of my experiences in teaching business ethics from a philosophical perspective to accounting and business students on both under and post-graduate level, I have become increasingly sensitive to the challenges and deficiencies that I believe characterise certain current and popular orientations to business ethics. Specifically, I have found that the traditional orientations to business ethics cannot sufficiently account for the complex dynamics in operation in the world today, including the business world.

Since these orientations are in part based on a number of (primarily modernist) ethical theories, these ethical theories should be subjected to critical scrutiny, and the normative basis of business ethics should be reconsidered. All-too-often, it is assumed that definitions of what constitute the good can be easily determined by referring to pre-established categories (such as the promotion of happiness or the promotion of rational action); or, it is assumed that, by following certain procedural guidelines, we will come to the 'right' answers. Such assumptions can only be supported on the grounds of certain reductive tendencies, whereby, for example, it is postulated that one's experiences or context have no effects on one's views of right or wrong, and that the past necessarily resembles the future.

In business ethics, these assumptions give rise to rule, procedural or compliance-based models of ethics, which are employed in order to engage with the ethical challenges in the workplace, and in the wider business community. Due to the prescriptive nature of these models, the primary task of the ethicist becomes to motivate people to accept, internalise, and act according to predetermined ethical standards. Applying these approaches therefore typically assumes a top-down trajectory; and, at the most extreme, the moral agent bears little individual accountability for her actions besides complying with, and applying, predetermined rules. A primary reason for the popularity of this orientation to business ethics is precisely *because* compliance or rule-based models are easy to codify and enforce in a business setting.

Approaches to ethics that account for complexity are difficult, if not impossible, to systematise, since complexity implies a serious engagement with contingency. Yet, if – as I believe it should be – a primary goal of business ethics is to provide

business students and practitioners with sense-making tools and tools of analysis, in order to assist them in ethical analysis and decision-making in the workplace, then the tools that we employ should help us to engage with the complexities of our practices.

To this end, it is useful to search for other ideas concerning the nature of ethics – both in the field of philosophy, as well as further afield. This trans-disciplinary exploration is undertaken in this study, in an attempt to think together the paradigms of postmodernism, complexity theory, deconstruction, and business ethics, so as to challenge the underlying assumptions that inform business ethics theories and practices, and to suggest an alternative conception of business ethics. A number of influential thinkers have guided me on this journey, especially to the extent that their own work is based on the understanding that social systems and organisations are complex. In terms of the complexity literature, the ideas of the philosophers and complexity theorists, Edgar Morin and Paul Cilliers, have proven particularly helpful in developing both an understanding of the features of complex systems, and of how we – as embedded, embodied, and limited agents – can successfully and ethically engage with the complexity generated by our contexts. In terms of the philosophical literature, Jacques Derrida's deep concern with the problems related to the naturalisation of conceptual paradigms, and the negative consequences that arise when we view our reductive models as corresponding with reality, has been instrumental in developing a complex ethical position. Furthermore, through employing Derrida's ideas, it was also possible to present a radical challenge to business ethics, and to pose critical questions concerning the categories of business ethics; questions that may – with time – lead to a broader, richer, and more productive interpretation of business ethics. In other words, and as so beautifully described by Alain Badiou, Derrida's ideas challenged me to 'unclose closed matters'. This study is also not the first attempt at re-inscribing the discipline of business ethics in a broader context. To this end, the work of business ethicists and theorists such as Jane Collier, Andrew Crane, Rafael Esteban, Campbell Jones, Hugo Letiche, Michael Lissack, Dirk Matten, Mollie Painter-Morland, and Mary Uhl-Bien has also been extremely helpful in developing this broader, more complex understanding of business ethics.

As is implied by the above discussion, my concern in this study is with both the development of a complex notion of ethics and the application of this normative position to the field of business ethics (particularly, corporate social responsibility). The study is therefore structured in two parts. In the first part, I develop the philosophical foundation at the hand of a reading of postmodernism, complexity thinking, and deconstruction. Specifically, a postmodern ethics is introduced in the first chapter. I support an affirmative view of postmodernism, in which value judgements are deemed possible, despite not being universally justifiable. In fact, the description provided of postmodernism in this chapter serves to discredit universalism by drawing attention to the provisional, reflexive, contingent, and emergent nature of meaning and knowledge. On a postmodern reading, it is impossible to defend the rigid fact-value distinction (which also divides the fields of business ethics) because – according to this reading – ethics can neither

be grounded in a transparent, objective, and predictable reality, nor be justified by an appeal to *a priori* normative categories (since these categories are contextualised within specific practices). Postmodernism therefore has a distinctive anti-foundational slant, which has been the target of much criticism in business ethics, and which, as mentioned, poses problems for institutionalising ethics (as will be further explained in this chapter). The radical challenge that postmodernism poses to modernist accounts of ethics cannot however be ignored, and, as such, we need to find productive strategies for taking up the postmodern challenge. Ways of conceptualising such strategies are introduced in this chapter. However, in order to truly engage with the challenges posed by a postmodern account of ethics, it is necessary to further develop our understanding of complex phenomena and complex thinking.

In the second chapter, I therefore introduce a general and critical approach to complexity. Within this approach, complex systems are viewed as irreducible. In other words, it is deemed impossible to uncover the laws of complex systems; and, since complex systems cannot be fully modelled, any engagement with complexity necessitates a critical engagement with the limits and status of our knowledge claims. This critical engagement is denoted by the 'ethics of complexity'. Furthermore, the ethics of complexity commits us to a complex view of ethics. This is because complexity is inherent to any ethical engagement, yet ethical frameworks are also models, and, like all models, are limited, exclusionary, and incapable of accounting for the complexity of lived phenomena. However, models are also necessary, since we need to reduce the complexity, in order to make sense of our world. It is therefore argued that the best ethical models are those that draw attention to their own limited status; and, in this vein, the provisional imperative – which is a self-undermining imperative – is introduced as a guide for responsible ethical action.

Complexity thinking provides us with a broad framework for engaging in complex systems, but, in order to develop these insights into a robust normative position, the complexity framework should be supplemented with a position that can provide it with philosophical depth. To achieve this end, Derrida's ideas are introduced in the third chapter, where deconstruction is explained and the ethics of deconstruction is explored. It is specifically argued that Derrida's philosophy offers a productive reading of a complex notion of ethics, for the following three reasons: Firstly, Derrida's work on quasi-transcendental or limit concepts provides a means for addressing the methodological complexity of thinking together a system and its environment, and thereby both constitutes as engagement with the ethics of complexity and serves to articulate the ethical interruption of ontological closure. Secondly, in deconstructing the conceptual models that inform our practices, Derrida is able to de-naturalise these models and thereby draw attention to both the ethics of complexity and the supplementary complications that pervade all meaning. In so doing, Derrida opens the door to otherness and difference, despite his radically immanent and contextualised understanding of ethics. Thirdly, in explicitly addressing the ethical-political implications that arise due to the limitations of our knowledge, Derrida's *oeuvre* allows for a sophisticated and

thorough analysis of the implications that critical complexity thinking hold in the human domain. Derrida's work therefore lends philosophical grounding to the insights gleaned from the analysis on critical complexity thinking.

In the fourth chapter, which serves as the conclusion to the first part of the study, three operations are introduced, which help us to practically engage with the demands of the deconstructive and provisional account of ethics developed in this study, and which also serve to draw attention to 'the logic of complexity' that contaminates all conceptual schemas. These three operations, which I have termed 'virtues' for a complex world, are: transgressivity (which prevents us from simply reinforcing that which is current), irony (which allows us to recognise and engage with the limitations of a binary logic), and moral imagination (which allows us to successfully engage in critical meaning-producing processes that takes place within specific contexts defined by power and politics). The arguments put forward in this chapter are illustrated at the hand of examples from the organisational context, and from the management sciences and business ethics literature.

Having developed the theoretical foundation, I attempt to illustrate the practical applicability of this foundation in Part II of this study. In Chap. 5, the implications that a deconstructive and complex ethics hold for our understanding of corporate social responsibility (CSR) is investigated. The chapter commences with an overview of the traditional characterisation of CSR, in order to demonstrate that this characterisation is informed by an equalising or commutative understanding of justice, i.e. repaying good with good. On this interpretation, CSR policies articulate the content of the social contract, which is premised on a commutative understanding of just relations between societal and economic interest groups. Derrida however offers a much more radical view of responsibility, one that transcends the reciprocal demands and expectations of a circular economy. Responsibility, on his take, becomes an expression of ethical complexity, which means that, in practice, responsible action always pushes the limits of its own expression. However, this understanding of responsibility cannot form the basis of a substantive ethics, and is often criticised for being practically useless. More specifically, critics are concerned that, if a Derridean view of ethical relations and responsible action are irreducible, undecidable, and non-subsumptive, then it is not clear on what basis moral judgement can take place (the charge of relativism), or of what value business ethics can be (the charge of irreducibility). Both these charges are addressed in this chapter at the hand of a close reading of Derrida's work, in order to show how these charges can be overcome, but also to illustrate the value that a complex, deconstructive ethics holds for business ethics in general, and CSR in particular.

The deconstructive and complexity-inspired reading given of CSR in Chap. 5 is developed into a theory and model of CSR in Chap. 6. To this end, a critical investigation of the three components of CSR is presented, namely corporate identity, the nature of the relations between corporations and society (including stakeholders), and the nature of corporate responsibility. The model of CSR that is derived from this investigation depicts the different domains of CSR (namely, the environmental, social, legal, and economic domains) as embedded in one another,

and differentially related to one another. It is argued that these domains are interlinked in complex ways with the corporation, which makes it impossible to conclusively define corporate responsibilities. These complexities also frustrate our attempts at managing our CSR obligations, as our current analytic tools are inadequate in dealing with these complexities. A number of management tools that can help in this regard are therefore also introduced, as is a discussion on the leadership approach and responsibilities that support the theory and model of CSR developed here.

The reconfiguration of CSR is illustrative of a larger challenge that complexity thinking holds for the discipline of business ethics, and, I believe, should form the basis of future research. However, a last issue that is explicitly addressed is the implications that this study holds for teaching business ethics. If business ethics is to play a larger role in our business practices, then it is essential that future business practitioners and leaders develop an understanding of the importance of business ethics. Therefore, in the concluding chapter, an overview of the core components that should be included in business ethics education is given, in order to both deal with the fundamental problems that characterise our times, as well as to promote the future viability of business ethics. The analysis of these core components is based on the complexity and Derridean insights presented in the foregoing chapters, and the aim of the analysis is to unpack teaching strategies that can equip students with the sense-making tools and tools of analysis needed to reflect upon the normative dimensions of complex business challenges. Since these challenges are context-dependent, the analysis does not provide examples of specific pedagogical interventions, because these interventions must be forged within specific environments. The suggestions made in this chapter therefore stand prior to any particular teaching guide or curriculum.

For business ethics to be a viable discipline that can positively influence the business world, business ethics – as a subject and as a practice – cannot be restricted to merely repeating and applying the moral precedents established in the history of philosophical ethics. I believe that we, as business ethicists, have a duty to attempt to extend the scope of business ethics, in order to help business students and practitioners to develop the multidimensionality of thought needed to successfully and ethically deal with the complexities that define our age. This study constitutes a meta-position that can aid in this regard, by highlighting the type of considerations that should inform our ethical engagements in our complex contexts.

Acknowledgements

Apart from my indebtedness to Paul Cilliers, I would also like to extend my thanks to my other colleagues from the Philosophy Department, namely Tanya de Villiers-Botha, Louise du Toit, Johan Hattingh, Dirk Louw, Vasti Roodt, Hannes Smit, Liesl van Kerwel, Anton van Niekerk, and my assistant Peter Kruger. It is an honour to work with you. To my parents, Mari and Stefan Vrba; my brother, Sep; my husband Sven; and my daughter Mila: thank you for your love and support.

I would like to thank the *South African Journal of Philosophy* for permission to reprint material from the article entitled ‘The ethics of complexity and the complexity of ethics’ (co-authored with Paul Cilliers). This material was used in Chaps. 2 and 4. I would also like to thank the *Developmental Leadership Program* for permission to reprint material from the research paper entitled ‘Institutions of integrity and the integrity of institutions: integrity and ethics in the politics of developmental leadership’ (co-authored with Eduard Grebe), in which an earlier version of the analysis on leadership theories and responsibilities presented at the end of Chap. 6 appears.

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