Toward CSR_3: Why Ethical Analysis is Indispensable and Unavoidable in Corporate Affairs

William C. Frederick

Item: General Electric and some units of General Dynamics are barred temporarily as government contractors due to irregularities. **Item:** E. F. Hutton pleads guilty to federal charges of improperly managing its banking deposits. **Item:** Three top officers of a film recovery laboratory are convicted of on-the-job homicide after an employee died while working with toxic materials. **Item:** Ford Motor Company, Pan American Airways, and Pepsico pull back from operations in South Africa. **Item:** A global boycott of Nestlé Corporation ends when new marketing practices are adopted for its infant formula product.

These events—some regrettable, others admirable—testify that normative (that is, ethical) issues are alive and well in corporate America. To be understood, these episodes and others like them call for careful, balanced study, rather than anguished handwringing by those hostile to business.

Many scholars who investigate the relationships between business and other institutions in society realize that they must ultimately deal with normative or ethical matters. As a result of this inherently normative character of their work, they incur a threefold responsibility. Part of that responsibility is to make clear the values that are at stake as business and society interact with one another. Another part of the scholar's responsibility is to identify where one stands with respect to those values. The third responsibility is to use one's scholarly knowledge to point out to business practitioners the moral consequences of pursuing the values they and their companies hold. In short, those who study social and ethical issues in management are compelled to form and to declare moral judgments concerning those issues. This moral imperative arises from the inherently normative nature of the topics being studied.

The Inevitability of Normative Issues

"Normative" here refers to what happens when business comes into contact with other parts of society. Each party exerts an influence on the other so that the fortunes of both, and perhaps the directions in which they move, are altered. As these alterations occur, the norms or standards that usually govern relationships between the two may undergo stress and consequently may be subject to questioning and change. These normative alterations may be viewed with alarm or they may be praised, as in the examples given above. Seldom are they thought to be without importance. Often, the changes are believed to be profoundly significant.

An example can be seen in current concern about toxic substances. There is now widespread societal agreement—in the form of social norms—that toxic materials used in production, and those discarded as wastes, should be handled with great care in order to protect workers, consumers, neighborhoods, and future generations. When companies do not do so, they have violated social norms or standards. Such violators, for one reason or another, have allowed their corporate interests to override observance of social norms that seek to protect the public against these poisons. A tension point has been created as business interests impinge upon public health.

Or consider an employee who is faced with repetitive routines that dull one's interest in the work performed, rob one of opportunities to influence the quality or pace of the work done, and tend to reduce workers to something resembling human automata. Most observers would agree that this kind of interplay between business and society is best avoided altogether if possible or should be ameliorated at the very least. In this example, social norms have invaded the workplace, in opposition to business practices that contravene widely accepted views of desirable working conditions. Once again, a tension point has appeared where business intersects a body of social norms intended to protect and preserve important, even vital, human qualities.

Ethical problems arise precisely at these normative junctures, where alterations of interests occur and norms come under stress. At these points of stress, one often finds human rights being defended, demands for social justice being made, cost-benefit calculations being computed—all in an effort to find an appropriate ethical course of action. Additional problems of obligations owed, duties to be performed, virtues to be displayed, and values to be pursued make their appearance at these normative fault lines that erupt in the midst of human life.

Those normative alterations generally accepted as being the most far-reaching are the ones in which business operations affect human consciousness or have some visible impact upon human community or upon long-run human continuity. The norms or standards defining and controlling human consciousness, human community, and human continuity are among the most central concerns of all humankind.

However, it is important to remember that business-and-society relations are reciprocal in character. Social norms may constrain business in serious ways. Business decision makers may point out that the burden on themselves and on society is high when social controls that seek to protect human consciousness and human community override the economizing process. Economizing, they rightly argue, is essential to the entire human enterprise. If they are to carry out their expected societal function of supervising the economizing process, then a balance must be found between the demands of humanizing and the demands of economizing.

It is because both parties—business *and* society—have the power to affect each other profoundly that the relationship between the two is unavoidably normative and laden with value issues. When a single firm can, through a plant closure decision, cause widespread distress for an entire human community and many individual lives within it, an act of profound normative significance has occurred. One is bound to question the norms that allow such far-reaching decisions to be made. Or when a punitively high tax or a hasty cleanup schedule forces a business firm to close its doors, society may well have unwittingly deprived itself of an otherwise effective and needed economizing unit, while simultaneously penalizing the firm's employees, suppliers, customers, and stockholders. Here, too, one wishes to raise a question about social norms that lead to such negative outcomes for business and others.

The normative significance of these episodes *emerges from the interplay and interactions* between business and other parties. Evaluative significance is not simply imposed on or imputed to the parties by others. It is the actual clash of interests, the competition of values held by each party, the threat posed by the one to the other, and the reciprocal counter threat that give these situations evaluative meaning.

Normative Events and the Scholar

Is it possible for scholars who specialize in the study of business-and-society relations to look at these normative interplays and not be drawn into them as advocates for one or another of the parties involved? Can they stand back from the fray, coolly detached, merely observing and not caring about the outcome? *Should* they do so, or should they at least *try* to strike a disinterested stance? What is their function and responsibility in these matters?

There is a sense in which the answers to these questions are foreordained. It matters not that a scholar-observer may *wish* to avoid normative entanglement or may consciously declare an intention to remain clear of advocacy, if the studies undertaken in fact clarify a problem in such a way as to strengthen the position of one party over another. If, for example, research demonstrates a statistically significant correlation between habitual cigarette smoking and various health hazards, this information makes its own normative statement, not only about the dangers of habitual smoking but about the norms that permit unrestricted marketing of cigarettes. In fact, a series of normative positions is created by such research, some permitting doubts to be raised about continued smoking, others allowing arguments in defense of tobacco use. The researcher may have wished for or intended another outcome or may have declared at the outset complete disinterest in the eventual findings or in what use might be made of them by others. Never mind. The work he or she has produced tells its own story, teaches its own lessons, makes plain that an evaluative significance exists between smoking and health.[1]

More than this, the researcher's very choice of this area of inquiry is laden with normative baggage. Such choices are not made in an evaluative vacuum. As one government researcher once said of her own work on poverty, "There is no particular reason to count the poor unless you plan to do something about them." In general, scholars choose an area for research and are justified in doing so because they have a strong (sometimes a vested or even a subconcious) interest in the outcome.

Some who have written on these matters have emphasized the personal, subjective factors that may enter into a researcher's choice of topic.[2] It is true that all scholars manifest political bias, religious commitment, social class standing, ethnic prejudice, gender outlook, and regional viewpoint. Every researcher leaves these telltale autobiographical fingerprints on his or her work, for they constitute the essence of the person, and together they reveal the researcher's most personal, most individualized values.

However, important as these personal factors may be in bringing values to bear upon research, an even more compelling force is at work, far more basic because it goes to the heart of this field's subject matter. The *primary* reason why a business-and-society scholar has no power to escape the normative implications of her or his teaching and research—even though the individual scholar's *style* may suggest or prefer detachment—lies within the contextual nature of the research. The *general* subject of research is a complex web of interactions where vital interests are affected—business's and/or society's. *Any* information or insight about these interactions that is developed through systematic study or exposition affects the fortunes of one or the other, or both. When you explicate the health effects of using infant formula under unsanitary conditions of Third World poverty, you are making a normative statement, whether intended or not. You unavoidably raise a question about the norms regulating the promotion and sale of such products in those circumstances. Although an individual researcher may prefer not to act out the normative implications embedded in the research findings, others will. It is the combination of interacting interests and competing values—the normative context—that makes the researcher a captive of normative analysis from which there is no escape.

Even the most seemingly remote specialized studies—those that employ the most advanced quantitative research methods in rigorous ways—gain their meaning from some center of normative disturbance. These studies are like the tremors and aftershocks that radiate outward from the epicenter of some great normative earthquake. They are the outermost vibrations and resonances recorded on our Richter-like scale of normative sensitivities. One reads these empirical scribbles in an effort to trace the course of normative disturbances that have occurred deep within human consciousness and human community.

CSR_1 as Normative Inquiry: Reluctance and Hesitancy

Two great waves of literature about a corporation's interactions with society have been created. The first wave—called here CSR_1—began in the early 1950s and carried forward into the mid-1970s. Its main focus was corporate social *responsibility*. The second wave—called CSR_2—overlapped the first, running from around 1970 to the present. It concentrated mainly on corporate social *responsiveness.*[3]

As a group, those who have studied business-and-society relations have not grasped or accepted their role as normative analysts. The pioneering works dealing with corporate social responsibility (CSR_1)—those produced by Howard Bowen, Joseph McGuire, Adolf Berle, Keith Davis, Prakash Sethi, Joseph Monsen, Richard Eells, Clarence Walton, George Steiner, and (later) the Committee for Economic Development—never successfully came to grips with the value questions that caused these writings to be created. They groped through a normative fog, seeking but not finding the moral principles that surely were there. Guided by hunches that the business-and-society interface was in need of adjustment—hence, the emphasis on responsibility and accountability—their work was normative in tone but quite unspecific regarding the values that were in conflict. They struck a general moral stance whose foundations were never revealed, thus exposing the field to the familiar and largely justified charge of vagueness and subjectivity.

In spite of this shortcoming, these pioneers did in fact establish the normative nature of business-and-society studies. They sensed that something was wrong with the norms governing business conduct. Business was somehow out of tune with changing social trends, its economic power overbalancing its social responsibilities. It stood, as the title of one conference volume expressed it, on "unstable ground."[4] The pioneers' social criticism may have been bland and timid, may have lacked the theoretical spine that is required when value inquiry is undertaken, but it was a fruitful beginning of the task of unraveling the normative complexities that characterize business-and-society interactions.

CSR_2 as Non-normative Inquiry: Shunning the Obvious

Considerably less credit for normative clarity can be given to the wave of corporate social responsiveness (CSR_2) literature that followed the pioneers' work. By the early 1970s, it had become clear that corporations should learn how to respond to the many social demands being pressed upon them. The focus of scholarly interest shifted to the firm, as ways were sought to enhance the skill and effectiveness with which corporations could cope with social pressures. These learned social responses could be self-induced—as revealed in the work of Bauer and Ackerman—or could be encouraged through public policies, as noted by others.[5] These were contributions of an undoubted significance, for they operationalized the meaning of corporate social responsibility, thus moving inquiry beyond the sterile philosophic debates spawned by Milton Friedman and others of his persuasion. At last, managers and scholars alike could see what might be involved in adjusting the margins between business and society.

But this body of literature, too, left unanswered the central questions of value guidance, partly because some scholars preferred to adopt a neutral, positivist posture. They have shunned normative questions by trying to erect "value-free" shields that would shut out such matters entirely.

So while corporate Rome was burning, many scholars were fiddling, pretending their indifference to the outcome of great events occurring around them. In the worst instances, it was as if they had become mere scribes, recording corporate tragedies as they occurred without injecting any of their acquired knowledge or their emotions into the unfolding events. We can, with confidence, look forward to academic case studies of the Bhopal horror that contain the usual disclaimer of the neutral scholar: "This case is provided as a description of administrative procedures and is not intended to represent a judgment about the correctness or incorrectness of the actions depicted." Even without these explicit and somewhat crudely wrought attempts to dodge the normative issues found at the business-and-society interface, the entire CSR_2 period has represented a decided drift away from the normative roots of business-and-society studies.

In general, CSR_2 advocates have urged corporations to eschew philosophic questions of social responsibility and to concentrate on the more pragmatic matter of responding effectively to environmental pressures. One way to do this, they say, is to develop the various tools of social response—social forecasting, social auditing, issues management—and to integrate social factors into corporate strategic planning. Another way is to increase the corporation's involvement in public policy matters. Political action committees can help ensure legitimate corporate input into the elective process, while grassroots lobbying campaigns, computerized letter-writing blitzes, and other media-assisted techniques can help influence legislation, as well as the administration of regulations directed against corporate interests. If all these things are accomplished, then any given corporation can be expected to be a more effective responder to external social pressures.

This focus on the effectiveness of social response has pushed CSR_2 thinking in directions it perhaps never intended to go. When large companies deploy this dazzling array of new social gadgets to the full, they are indeed "effective" in fending off, neutralizing, or defeating social forces that would change corporations in directions thought to be desirable by the broader society. On the positive side, a corporation taking a responsive view of its surroundings is more likely to bend in desirable social directions than one that has no social response machinery in place. This can be seen by comparing a Procter & Gamble during the Rely tampon episode or a Johnson & Johnson as it faced the Tylenol crisis with a Firestone that stubbornly resisted recalling its defective Radial 500 tire or a Union Carbide that permitted the Bhopal disaster to occur. Even in the best cases, though, the great likelihood is that the social response, particularly when the directive force of the reform movement is partially or even largely controlled by the corporation that is under social attack, will still be made well within the established framework of traditional enterprise where economizing is dominant over other social values.

Much the same result is produced by relying on public policy to curb undesirable corporate behavior. As first developed, this approach was thought to offer a more democratic and a more public basis for judging business performance than could be had by relying either on a vaguely formulated notion of social responsibility (CSR_1) or by leaving corporate response in the hands of a managerial elite (CSR_2). This public policy thrust might have produced more fruitful clarification of normative issues but for two factors.

One was timing. Much of this literature appeared in the mid-1970s, just as Gerald Ford was lighting the fires of deregulation and just as the business community was becoming more effective in defending itself against social and governmental pressures. Jimmy Carter fanned the deregulatory coals for a while and then Ronald Reagan stoked them into a raging bonfire. By 1981, public policy had become the province and expression of a rightwing conservative Republican philosophy, whereas the public policy advocates had been nourished on a diet of liberal to moderate Democratic political traditions and programs. Public policy had become, not a vehicle through which business performance could be judged against liberally-defined humane criteria. It was now a set of policies, programs, and attitudes that rejected the very groups and social needs that had earlier sought help from government when private sector approaches had proved ineffective for them.

To rely upon the public policy process in the early and mid-1980s was to deliver oneself into the not-so-tender mercies of David Stockman's cost-benefit calculations where—miraculously—the costs of social initiatives always outweighed their benefits. Jerry Falwell's chummy relationship with Ronald Reagan suddenly made "the public policy process" a far less appealing way to define the public good as a social standard for business to emulate. Perhaps never was a theoretical initiative so unfortunately timed, for Ronald Reagan's ascendance to the Presidency was to the liberal public policy approach what that iceberg was to the Titanic. The episode demonstrates the hazards of emphasizing means without adequate consideration of the ends being sought, or capable of being sought, by those who are hostile to liberal conceptions of social, humane, and democratic values.

A second problem with the public policy solution to corporate social responsiveness was the reluctance of its advocates to acknowledge or emphasize how thoroughly saturated the public policy process is with value-laden phenomena. They had hoped to escape the subjectivity and vagueness of CSR_1 philosophizing by substituting a more objective (and hence a more value-neutral) basis for measuring and judging business's social performance. According to this view, if business adhered to the standards of performance in law and existing public policy, then it could be judged acceptably responsive to society's expectations.

But public policy, whether liberal or conservative in tone, is shot through with values and value conflicts. Just ask such congressional leaders as Tip O'Neill or Bob Dole. How public policy could ever be imagined to provide an objective, "value free" basis for formulating social performance guidelines for business, or how it could be thought to escape or to deflect the normative issues that dogged the CSR_1 pioneers, remains a mystery. Rita LaVelle, James Watt, and Edwin Meese have demonstrated as clearly as did Jimmy Carter, Lee Iacocca, and Richard Nixon that public policy takes its central meaning from the values and philosophy advocated by its chief participants. Too few public policy scholars have taken this perspective.[6]

So, after a highly fruitful decade during which corporate social responsiveness theory was hammered out by the second wave of pioneers, the business-and-society field stands about where it was at the beginning of that period concerning the normative aspects of business operations. CSR_2 thinking has unwittingly come to reflect the dominant values of corporate culture, thus becoming a defensive rationale for the corporate status quo. It has compounded its normative dilemma by putting its faith in a public policy process that, since 1980, has been taken captive by the forces of reaction, authoritarian rule, and a thinly veiled religious naiveté that would be quaintly amusing if it were not so threatening to some of the central values and norms of American society. Whether one relies on the self-induced social responses of corporate managers or on the felt pressures of public policy to guide corporate actions, the outcome is the same. If the post-CSR_2 corporation still possesses the power to do great harm or great good within the social order, as originally posited by CSR_1 thought—if, in other words, it has been only tamed and not conquered by social forces—then all of the normative questions about corporate behavior are still on the table and still largely unanswered.

The Culture of Ethics

Obviously, if one sets out to answer normative questions, one needs a normative anchor, a set of normative guides, a normative platform from which to judge whether any given group or organization is acting in desirable ways. The social-issues-in-management field has never been very clear about its normative role and function because it has lacked a clear vision of the values that underlie and undergird its work and inquiries. The quality of social criticism produced by any normative science is just as good as—but no better than—the values upon which the discipline rests. It is these values that need to be brought to bear upon the normative dilemmas occurring at the business-and-society interface. Therefore, the major task that lies ahead for this field of inquiry is to formulate a conception of the values that are in contention as business interacts with society. Such a theory of value can then form the basis of normative judgments about business behavior and practice.

In searching for the value sources that underlie the business-and-society discipline—those that would permit a systematic critique of business's impact upon human consciousness, human community, and human continuity—one finds three broadly formulated positions as possibilities. Any one of these three can be used, and indeed all are frequently relied upon, to judge business behavior. One is the Christian, or Judeo-Christian, formulation that draws a distinction between the materialistic world of business practice and the deeper spiritual needs of each individual person. It offers a critique of capitalist enterprise for its tendency to elevate material ends above human rights, social justice, and the spiritual, sacred essence believed to dwell in each person.[7] A second critical platform for viewing business enterprise is Marxist thought in all of its various manifestations. It, too, seeks social justice and human rights, albeit a materialistic version of them, by encouraging those without property to rise up against and overthrow the capitalist class representing business interests. Third is the familiar and much-maligned secular humanism that seeks to free the individual psyche and human communities from the triple yoke of naked materialism, unfeeling technology, and organizational bureaucracy.

Each of these three ways of thinking about business mirrors, though imperfectly, what is best called a "culture of ethics." Embedded within humankind are moral meanings and conceptions of what is felt to be ethical. Great systems of thought, whether Christian, Marxist, or humanist, have captured portions of these moral meanings. These moral notions—they could be called moral archetypes—comprise the most fundamental, deeply felt value orientations of humankind generally. Each society varies its emphasis upon the rudimentary moral meanings but each returns over and over again to the basic structure of morality inherent in human interactions. Human behavior occurs within a web of such moral meanings and cannot escape being judged in terms of such a culture of ethics.

To be sure, within this culture are many overlapping, interwoven, and even contradictory streams of morality. The Reverend Jerry Falwell and Bishop Desmond Tutu exemplify the stresses and strains that are to be found when one seeks moral guidance on corporate involvement in South Africa. But one should not overlook the United Nations Declaration of Human Rights or the Sullivan Principles or the Helsinki Accord's principles of human rights. These normative documents symbolize some of the core values of the culture of ethics on which there is an increasing amount of societal agreement.

Here, within the culture of ethics, is the referent to which business behavior is to be properly related if judgments about its morality are to be made. Here is the group of moral principles that was just beyond the grasp of the CSR_1 pioneers who, haltingly but with true normative instincts, spoke of the need for greater responsibility and accountability of business to society. Here are the standards for defining responsive social performance that is more broadly moral in meaning and scope than the dominant values of corporate culture or those to be found in extant public policy. Corporate social response surely must take its meaning from this broad context of moral notions and not simply from the needs of any given corporation and its associated stakeholders or from the ability of some groups to excel others in influencing public policy for their own advantage. The basic normative referent for corporate social response is the core values to be found in the culture of ethics.

CSR_3 = Corporate Social Rectitude

Here, too, within this culture of ethics, is the key that will unlock the door to another phase of business-and-society thought which, for convenience, might be called CSR_3. In this usage, the "R" stands for rectitude. *Corporate social rectitude* embodies the notion of moral correctness in actions taken and policies formulated. Its general value referent is that the body of sometimes dimly or poorly expressed but deeply held moral convictions that comprise the culture of ethics.

One criticizes United States companies for doing business in South Africa because they directly or indirectly contribute to a system that immorally denies basic human rights to a majority population. In doing so, these companies lack rectitude. One is aghast at the carelessness that can produce a Bhopal tragedy for it suggests a callousness that is unacceptable in any society, contravening a basic moral principle of humanity that life itself is precious. Such a company does not act with rectitude. The public applauds swift corporate actions that remove dangerous products from the shelves because the innocent and the uninformed are thereby protected in a moment of great vulnerability. One wishes to recognize and reward corporate rectitude, the sense of moral goodness, and the respect for others that is manifested in such episodes.

In viewing the social performance of corporations, we look for more than mere responsibility and more than mere responsiveness. We want corporations to act with rectitude, to refer their policies and plans to a culture of ethics that embraces the most fundamental moral principles of humankind.

A CSR_3 corporation would

- acknowledge that ethics belongs at the core, and not just the periphery, of management decisions and policies,
- employ and train managers who accept and practice the central role of ethics in their everyday work,
- possess sophisticated analytic tools for detecting, possibly anticipating, and coping realistically with ethical problems affecting the company and its employees, and
- attempt to align its current and planned future policies with the core values to be found within the culture of ethics.

A Strategy for Achieving CSR_3

A business system based upon these traits of social rectitude can be encouraged if management scholars and corporate practitioners act strategically within their own spheres.

What Management Scholars Should Do:

- Acknowledge values and ethics to be an explicit, indispensable part of every inquiry. This step would place normative judgments at the very center of research, rather than pretending that such studies can be "value free."
- Identify the contending values that are at work in every business-and-society issue studied, so that the moral issues can be clarified and various alternative moral choices can be outlined. In this way, both business and society would be better informed about what is at stake and they would be better able to understand how various alternative proposed actions would affect the society's central values.
- Expand the value sources upon which business-and-society studies are based, to include the fundamental moral principles embedded in the culture of ethics. This broader normative anchor would be expressive of a wide range of social needs and outlooks and could incorporate much of the moral discourse created by religious thinkers, philosophers, and business critics.
- Draw together the best that can be found and known about the management process, the corporate institution, the actual behavior of managers, the organizational systems that sustain business, and above all the values that are embedded in managerial practice. The resulting integrated picture of corporate management and the business process can then be

used, not merely to enhance the strategic planning and policy goals of the corporation, but to understand why the goals of business and the needs of society are so often at odds with each other.

- Work more closely with philosophers who approach the normative issues of business through ethics theory. This rich, fertile heritage of philosophic thought can be used to clarify some of business's ethical dilemmas. Unfortunately, the existing division of academic labor has produced philosopher-ethicists with insufficient knowledge of business, and management theorists innocent of the finer points of ethics reasoning. Contrary to popular belief, managers do not always resist being told by others what is morally correct, but they are more likely to accept such information if it comes from someone whom they see as both credible and knowledgeable. Philosophers and management theorists must join forces and pool their expertise if ethical analysis is to make headway in the executive suite.
- Help create techniques and programs that can encourage business to move beyond CSR_2 and into a CSR_3 posture. The germ of these initiatives is present now in social forecasting, social auditing, environmental scanning, issues management, ethics training programs, the design and implementation of ethics codes, and other types of social technology. Here, too, is where public policy activism (e.g., serving as expert witness or consultant to governmental bodies) can help those in business, government, and the general public to grasp the normative significance of public issues.

What Corporate Managers Should Do:

- Adopt an ethics strategy whose purpose would be to enhance and improve a company's ability to cope with ethical problems and issues. Central to this strategy is an understanding of the dominant values of the company's culture. Those values will determine how successful an ethics strategy will prove to be.
- Study existing models of successful corporate ethics programs, such as those of Allied Corporation, Johnson & Johnson, and McDonnell-Douglas. Their experiences can provide valuable lessons in what can be accomplished, as well as pitfalls to avoid. Additional help can be obtained from the Washington-based Ethics Resource Center.
- Establish an ethics outreach activity that goes beyond the company's normal involvement in such important programs as the United Fund, Junior Achievement, and similar community ventures. The ethics frontier has moved on to such matters as the community impact of plant closings, on-the-job drug use and abuse, preparing youths for work in a high-tech society, and the multiform issues rooted in transcultural corporate operations (guerrilla warfare, terrorism, hostage taking, religious boycotts, and other assorted ethical headaches).

- Join the ethics debate rather than holding back from it. Rubbing shoulders with academic philosophers and management professors who teach business ethics has its rewards. A good place to start is the annual business ethics conference held at Bentley College, which draws top-level managers, government officials, public interest leaders, and prominent academic figures. A corporate membership in the Society for Business Ethics or the Social Issues in Management Division of the Academy of Management would put practitioners in direct and continuing contact with the leadership group of academics who teach and do research on ethics problems.
- Listen to university-based philosophers who have been wrestling with professional ethics, including business ethics, for the past two decades. Ethics theory is not a bottomless pit of vague abstractions. On the contrary, it is a source of analytic tools that can cut to the core of many ethical dilemmas faced by business every day. Many practical rewards can be found in the work of such philosophers as Richard DeGeorge, Kenneth Goodpaster, Thomas Donaldson, Charles Powers, Manuel Velasquez, Oliver Williams, Norman Bowie, and Peter French.
- Listen to management scholars in business schools who are working with philosophers to convert many of the abstractions of philosophic theory into managerially meaningful action principles. These academics have moved on beyond the point of finding fault with questionable corporate practices to an approach that seeks realistic alternatives for the harried but ethically concerned manager. They, too, like their philosopher colleagues, are a resource to be used, not an enemy to be avoided.

The Obstacles

A host of objections can be raised against these proposals. Some will come from business cynics who wink slyly when ethics is mentioned, convinced that "business ethics" is an oxymoron or contradiction in terms. Then there is the legitimate business fear that an overzealous ethics push might reduce business productivity and seriously hamper society's vital economizing process. Added to these doubts is the natural suspicion and latent hostility between business advocates of cost-benefit pragmatism and the philosopher advocates of inherent rights and distributive justice—the "hard noses" versus the "soft hearts." Complicating the search for a CSR_3 corporation is a remarkably diverse, pluralistic world where little agreement exists on the values within *one* nation, much less those spread across many nations and competing groups. Even within the broad contours of the culture of ethics is much fuzziness about the operational meaning of its core values. Actual standards of corporate performance are not at all clear, and many diverse interpretations of correct actions are possible.

Academic researchers will fear that "taking sides" in a heated controversy may lessen their credibility, acceptance, and participation, thereby forfeiting further opportunities to study and influence either side. The more practical-minded scholars may note that financial support for their research could be jeopardized if critical or embarassing questions emerge from their studies, so why assume the social critic role and bite the hand that feeds them? Besides, researchers often find that values research is an uncertain enterprise, since the methodological problems are formidable, the results sometimes questionable, the findings frequently unwanted, and gaining cooperation for such research is difficult and frustrating.

These and other problems unquestionably plague those who favor normative inquiry. They remain as genuine intellectual, philosophic, and institutional obstacles to the position taken here. Some of them are a function of the field's current state of development and can be expected to subside as time goes by. Others are part of the ancient controversy about the meaning and function of science and are likely to be around for a long time. Still other problems, particularly the political ones, will depend on the individual courage and collective skill with which the field's participants and corporate practioners maneuver through the academic and professional minefields.

The optimistic view expressed here that these obstacles are surmountable is founded largely on a belief that normative inquiry is indispensable for the management profession itself if it is to perform its work in satisfying, fulfilling, and acceptable ways.[8] One can expect—indeed, one can already observe—corporate managers who sense this pragmatic need to grasp the normative nature of the work they do. They remain, as has been true since early in this century, the scholar's staunchest allies in pushing the normative frontiers outward.

A Normative Manifesto

Those who study problems at the business-and-society interface, in spite of their diverse approaches and views, share a core of beliefs about their work and its normative significance. A deep enough look into the field's literature—whether CSR_1, CSR_2, or CSR_3—will reveal these beliefs, expressed in one way or another:

- That the claims of humanizing are equal to the claims of economizing.
- That the obligations of human beings to one another are greater than the obligations imposed upon human beings by systems of power and dominance.
- That claims to legitimacy in corporate life must have as their referent a concern for human consciousness, human community, and human continuity such that human rights may be protected and social justice promoted and preserved.
- That the enduring significance of corporate management is found in its ability to harmonize the multiform interests of a pluralistic society.

- That the most important meaning freedom of enterprise can assume is the liberation of humankind from the bonds of poverty that restrain body, mind, and soul.

These sober and profound truths are the business-and-society scholar's central message to managers, to colleagues, and to students. They are what this field of study is all about—its sustaining values, its normative manifesto, the framework of philosophic concerns that define and justify the role and function of business-and-society scholarship.

These normative orientations remain as vital today as ever. They are beacons to guide corporations in a world which is fiercely insistent on business policies that conform to socially acceptable ethical norms.

References

1. One should not be misled by what may appear to be an indeterminancy within the scientific process. Adversarial science is now well known. It occurs when scientific experts who possess seemingly equivalent professional credentials give diametrically opposing opinions about some matter in dispute. In fact, the canons of science encourage such competitive error-finding disputes as a way of establishing and clarifying truth. These scientific disputes nearly always occur at the leading edge of scientific research, where concern over normative implications of the research findings is highest. Tobacco companies have taken advantage of this scientific loophole to argue that the research results are too indeterminate to conclude that habitual smoking is harmful. Researchers on both sides of this controversy are drawn into its normative implications and are made a part of the normative debate, whether they wish it or not. Their work *is* the normative debate. They debate *because* there is evaluative significance in the relationship between smoking and health.

2. Ian I. Mitroff, *The Subjective Side of Science: A Philosophical Inquiry into the Psychology of the Apollo Moon Scientists* (Amsterdam: Elsevier, 1974).
3. For the distinction between corporate social responsibility (CSR_1) and corporate social responsiveness (CSR_2), see Robert W. Ackerman and Raymond A. Bauer, *Corporate Social Responsiveness: The Modern Dilemma* (Reston, VA: Reston, 1976); and William C. Frederick, "From CSR_1 to CSR_2: The Maturing of Business-and-Society Thought," Working Paper 279, Graduate School of Business, University of Pittsburgh, 1978.
4. S. Prakash Sethi, *The Unstable Ground: Corporate Policy in a Dynamic Society* (Los Angeles, CA: Melville, 1974).
5. During this period, the key theoretical work dealing with business and public policy was by Lee E. Preston and James E. Post, *Private Management and Public Policy: The Principle of Public Responsibility* (Englewood Cliffs, NJ: Prentice-Hall, 1975). Two earlier influential books were by Raymond A. Bauer, Ithiel de Sola Pool, and Lewis A. Dexter, *American Business and Public Policy: The Politics of Foreign Trade* (Chicago, IL: Aldine, 1963, 1973); and by Edwin M. Epstein, *The Corporation in American Politics* (Englewood Cliffs, NJ: Prentice-Hall, 1969).

6. In *Essentials of Public Policy for Management* (Englewood Cliffs, NJ: Prentice-Hall, 1985), Rogene Buchholz has acknowledged the importance of relating ethics to public policy. "For business to participate meaningfully in the resolution of public policy issues, it must learn ethical language and concepts and deal explicitly with the ethical and moral dimensions of these arguments. . . . What can emerge from ethical discourse and ethical analysis is a set of ethical principles that will guide management involvement in the public policy process—

principles that relate to both the ends and means of involvement." See especially pages 266-269.

7. A recent illustration of how one segment of this Christian tradition can be used to judge existing business practices and national economic policies is the United States Catholic bishops' pastoral letter, *Catholic Social Teaching and the U.S. Economy.* Beyond the Christian perspective are other religious doctrines—Islam fundamentalism, for one example—that have targeted what is sometimes called "Satanic capitalism."

8. A recent *Business Week* editorial makes the same point. "Opinion polls consistently show that most people think U.S. business is being run by trimmers and crooks. Yet the vast majority of business executives never come close to breaking the law. Led by top executives and directors, these had better find a way to resuscitate the social sanctions that once operated within their companies and the business community at large as a brake on corporate wrongdoing...essentially, there are enough laws on the books already. What is lacking is social reinforcement by a business community willing to make clear its condemnation of members who violate these laws. . . . The business community must start to project a more rigorous ethic." *Business Week,* July 29, 1985, p. 84.