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Discourse Ethics and Critical Realist Ethics

An Evaluation in the Context of Business

John Mingers
Kent Business School

University of Kent

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DISCOURSE ETHICS AND CRITICAL REALIST ETHICS

An Evaluation in the Context of Business

Abstract. Until fairly recently, businesses and corporations could argue that their only real commitments were to maximize the return to their shareholders whilst staying within the law within their local nation states. However, the world has changed significantly during the last ten years and now I think it fair to claim that most major corporations recognize that they have significant responsibility to local and global societies beyond simply making profit.

All this means that there is now an increasing concern with the question of how corporations, and their employees, ought to behave, and this leads us to consider ethics as the appropriate theoretical and philosophical domain.

I will bring into the debate two relatively recent approaches to ethics, Jürgen Habermas's discourse ethics (stemming from his critical theory) and the critical realist approach of Bhaskar. These are interesting for several reasons: they both draw on traditional ethical theories, although different ones; they bring in new innovations of practical relevance; and they both share an over-arching critical perspective. The aim is to compare and contrast these with the traditional approaches to generate a potential ethical framework for business ethics.

DISCOURSE ETHICS AND CRITICAL REALIST ETHICS:

An Evaluation in the Context of Business

1. Introduction

For much of their development, business and corporations could argue that their only real commitments were to maximise profits and shareholder wealth within the confines of the law. However, the world has changed significantly during the last ten years and now there are few organizations that do not recognize that they have significant responsibility to local and global societies beyond simply making profit.

Many factors have led to this shift.

- Major corporations have been found not to be playing by the rules of the game, e.g., the Enron, Arthur Andersen and WorldCom scandals; human rights violations; and collaboration with repressive regimes[1].

- The effects of globalization means that some corporations are both economically and indeed politically more powerful than many nation states[2]. Even powerful world states such as the US have their policies shaped by corporate interests such as oil (re Kyoto) and defence. Moreover, when things go wrong, especially in the financial markets e.g., Barings, or the credit crunch, it almost instantly damages the whole world economy.

- The rise of fundamentalism has also brought a much greater recognition of the importance of cultural and religious differences in values and behaviour which cannot be simply effaced in the name of profit. The rise of ethical consumerism and investment has also demonstrated that companies have to take into account the ethical concerns of their consumers and indeed shareholders.

- Finally, and perhaps most significantly, the rather reluctant acceptance of the reality and consequences of global warming has led even hardened executives to accept that they are part of a problem that goes beyond short term stock valuation or even long term shareholder wealth.

All this means that there is now an increasing concern with the question of how corporations, and their employees, *ought to* behave, and this leads us to consider ethics as the appropriate theoretical and philosophical domain.

This paper will bring into the debate two relatively recent approaches to ethics, Jürgen Habermas's[3, 4, 5, 6, 7] discourse ethics (stemming from his critical theory) and the critical

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[1] G. Palazzo and A. Scherer, "Corporate Legitimacy as Deliberation: A Communicative Framework," *J. Business Ethics* 66 (2006), S. Sethi, "Standards for Corporate Conduct in the International Arena: Challenges and Opportunities for Multinational Corporations," *Business and Society Review* 107, no. 20-40 (2002)..

[2] U. Beck, *What Is Globalization?* (Cambridge: Polity Press, 2000), D. Matten and A. Crane, "Corporate Citizenship: Toward an Extended Theoretical Conceptualization," *Academy of Management Journal* 30 (2005).

[3] J. Habermas, "Discourse Ethics: Notes on a Programme of Philosophical Justification," in *Moral Consciousness and Communicative Action*, ed. J. Habermas (Cambridge: Polity Press, 1992)..

[4] ———, "On the Pragmatic, the Ethical, and the Moral Employments of Practical Reason," in *Justification and Application*, ed. J. Habermas (Cambridge: Polity Press, 1993)..

[5] ———, *The Inclusion of the Other* (Cambridge: Polity Press, 1999)..

realist approach of Roy Bhaskar.[8] These are interesting for several reasons: they both draw on traditional ethical theories, although different ones (particularly Kant and Aristotle); they bring in new innovations of practical relevance; and they both share an over-arching critical perspective. The aim is to compare and contrast these with the traditional approaches to see to what extent they can generate a potential ethical framework for business.

The paper begins with a brief review of the recent literature on ethics in business before examining first discourse ethics and then critical realism. These strands are then drawn together in the final section which covers ethical implications for business.

2. Ethics in Business and Organizations

By way of reviews of this complex area I shall use Werhane and Freeman,[9] Garriga and Melé[10] and Lee.[11] Garriga and Melé give an overview of different corporate social responsibility (CSR) theories distinguished in terms of their focus on economics, politics, social integration or ethics. Historically, we can see that initially there was a separation of ethics from business performance. Business's primary aim was economic performance and the maximization of shareholder (and executive) wealth[12] while social responsibility was voluntary and to some extent antithetical to business performance[13]. This stockholder or instrumentalist view has continued to underpin the more recent theories of competitive advantage.[14] Perhaps Bowen[15] was the first to argue systematically that businesses, because of their great power and influence, were obliged to be socially responsible.

The next major phase was the development of theories of corporate agency – that is, conceptualizing corporations as morally responsible agents. There are various approaches that draw on different ethical traditions, for example Aristotelian,[16] human rights,[17] and Rawlsian social contract.[18] Taking Donaldson and Dunfee (D&D) as an example, their approach is aimed at overcoming one of the major problems of business ethics in the globalized world – how one reconciles differing cultural and religious practices. To what extent is it possible to generate genuinely universal norms?

D&D imagine that there will be some generally accepted social contract applying across the business world and that this in turn will allow for specific, micro-contracts in particular circumstances. This is because, D&D argue, in practice managers always have a bounded *moral* rationality. They cannot know fully the facts, or future consequences of their actions;

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[6] ———, "A Genealogical Analysis of the Cognitive Content of Morality," in *The Inclusion of the Other* (Cambridge: Polity Press, 1999)..

[7] ———, "The Debate on the Ethical Self-Understanding of the Species," in *The Future of Human Nature* (Cambridge: Polity Press, 2003)..

[8] M. Archer et al., eds., *Critical Realism: Essential Readings* (London: Routledge, 1998), R. Bhaskar, *Dialectic: The Pulse of Freedom* (London: Verso, 1993)..

[9] P. Werhane and R. Freeman, "Business Ethics: The State of the Art," *International Journal of Management Reviews* 1, no. 1 (1999)..

[10] E. Garriga and D. Mele, "Corporate Social Responsibility: Mapping the Territory," *J. Business Ethics* 53, no. 51-71 (2004)..

[11] M-D. Lee, "A Review of the Theories of Corporate Social Responsibility," *International Journal of Management Reviews* 10, no. 1 (2008)..

[12] M. Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962)..

[13] There were interesting exceptions to this such as Unilever and Cadbury's who historically integrated ethics with business.

[14] M. Porter, *Competitive Advantage: Creating and Sustaining Superior Advantage* (New York: Free Press, 1985), C. Prahalad and A. Hammond, "Serving the World's Poor, Profitably," *Harvard Business Review* 80, no. 9 (2002)..

[15] H. Bowen, *Social Responsibilities of the Businessman* (New York: Harper, 1953)..

[16] R. Solomon, "Corporate Roles, Personal Virtues: An Aristotelian Approach to Business Ethics," *Business Ethics Quarterly* 2, no. 3 (1992)..

[17] Matten and Crane, "Corporate Citizenship: Toward an Extended Theoretical Conceptualization.".

[18] T. Donaldson and T. W. Dunfee, "Integrative Social Contracts Theory - a Communitarian Conception of Economic Ethics," *Economics and Philosophy* 11, no. 1 (1995)..

they cannot have a perfect understanding of moral theory; and we do have to recognize legitimate differences in norms of practice across cultures, for example the giving of gifts. This means that the macro contract must allow for, and specify, a degree of *moral free space* or "wiggle-room" within the micro-contracts. However, there must be limits to this and here D&D suggest the idea of *hypernorms*, norms that are genuinely universal and accepted by all. Their suggestions for hypernorms are basic human rights such as personal freedom, physical security and political participation, and the obligation to respect the dignity of every human being.

The second major approach to business ethics, and in fact to corporate strategy generally, is stakeholder theory. This involves recognizing that an organization depends for its successful operations on a range of different groups or stakeholders and therefore owes some duties to them. Two divisions within the field concern the reasons why stakeholders are important, and the range of stakeholder groups to be considered. For the first we can distinguish between the managerial or instrumental view and the normative view.[19] The instrumental view is that stakeholders are important purely in terms of managing the company better[20] while the normative view argues that companies ought to be concerned about their effects on various stakeholders for moral reasons.[21] In the second debate the narrow view would only include those necessary for the survival of the corporation whereas the wider view would include all groups that benefit from or are harmed by the activities of the organization. Theorists have drawn on a range of ethical positions including Kantianism,[22] Rawlsianism,[23] and extreme libertarianism.[24] There has also been a limited use of discourse ethics itself, which will be described below, but so far no employment of critical realist ethics.

3. Habermas's Discourse Ethics

I shall describe discourse ethics in three stages: the theory of communicative action from which it is derived; the initial formulation of discourse ethics; and then later developments into a theory of deliberative democracy. From this its application within the business world can be debated.

3.1 Theory of communicative action

This will be a brief overview as it is already well described elsewhere.[25]. The theory of communicative action (TCA)[26, 27] argues that the most fundamental characteristic of human beings as a species is our ability to jointly coordinate our actions through language and communication; and further that the ability to communicate is grounded on the capacity to *understand* each other. Thus the primary function of communication is the construction of understanding and then agreement about shared activities. Humans do, of course, engage in other activity: for example purposive instrumental action in solving a problem or reaching a goal; or strategic action where communication is used to achieve personal ends through some

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[19] R. Freeman, "Divergent Stakeholder Theory," *Academy of Management Review* 24, no. 2 (1999)..

[20] T. Donaldson and L. Preston, "The Stakeholder Theory of the Corporation: Concepts, Evidence and Implications," *Academy of Management Review* 20 (1995).

[21] W. Evan and R. Freeman, "A Stakeholder Theory of the Modern Corporation: Kantian Capitalism," in *Ethical Theory and Business*, ed. T. Beauchamp and N. Bowie (Englewood Cliffs: Prentice hall, 1988).

[22] N. Bowie, *Business Ethics: A Kantian Perspective* (Oxford: Blackwell, 1999).

[23] R. Phillips, "Stakeholder Legitimacy," *Business Ethics Quarterly* 13, no. 1 (2003).

[24] R. Freeman and R. Phillips, "Stakeholder Theory: A Libertarian Defence," *Business Ethics Quarterly* 12, no. 3 (2002).

[25] H. Klein and M. Huynh, "The Critical Social Theory of Jurgen Habermas and Its Implications for Is Research," in *Social Theory and Philosophy for Information Systems*, ed. J. Mingers and L. Willcocks (Chichester: Wiley, 2004).

[26] J. Habermas, *The Theory of Communicative Action Vol. 1: Reason and the Rationalization of Society* (London: Heinemann, 1984).

[27] ———, *The Theory of Communicative Action Vol. 2: Lifeworld and System: A Critique of Functionalist Reason* (Oxford: Polity Press, 1987).

form of deception or control. But even in this latter case, understanding is a necessary prior condition.

Habermas therefore sees communication oriented towards reaching agreement as the primary, and most common, form of communication, and proposes that the principle means of reaching agreement is through rational discussion and debate - the "force of the better argument" – as opposed to the application of power, or the dogmas of tradition or religion. Habermas elucidates the nature of a "rational" argument or discourse in terms of two concepts: i) that contentions or utterances rest on particular *validity claims* that may be challenged and defended; and ii) that the process of debate should aspire to being an *ideal speech situation*.

Whenever we actually say something, make an utterance, we are at least implicitly making claims that may be contentious. These validity claims are of three types[28], and each one points to or refers to an aspect of the world, or rather analytically different worlds. These three are:

- *Truth*: concerning facts or possible states of affairs about *the* material world

- *Rightness*: concerning valid norms of behaviour in *our* social world

- *Sincerity* (truthfulness): concerning *my* personal world of feelings and intentions.

In our everyday discussions and debates, disagreements and misunderstandings develop and these lead to one or more of the validity claims to be challenged. It is then up to the speaker to defend the claim(s) and possibly challenge the opponents. The discussion is now at a meta level to the original conversation. In order to achieve a valid, i.e., rational, outcome the discussion should occur in such a way that it is the arguments themselves that win the day rather than distorting aspects of the people involved or the social/political situation. Such an ideal speech situation (which can only ever be a regulative ideal to aim at) should ensure:[29]

- All potential speakers are allowed equal participation in a discourse

- Everyone is allowed to:
    - Question any claims or assertions made by anyone
    - Introduce any assertion or claim into the discourse
    - Express their own attitudes, desires or needs

- No one should be prevented by internal or external, overt or covert coercion from exercising the above rights.

Habermas argues that these are not merely conventions, but inescapable presuppositions of rational argument itself. Thus someone engaging in an argument without accepting the above is either behaving strategically (deception) or is committing a performative contradiction (hypocrisy).

3.2 Discourse ethics

Discourse ethics (DE), which is somewhat badly named as we will see, stems almost directly from TCA through considering actions in general rather than just communications. It is clearly Kantian in thrust, although with a very significant reorientation, but also sweeps in to some extent utilitarian and communitarian concerns.

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[28] There is a fourth – comprehensibility – concerning the understandability of the utterance itself.
[29] J Habermas, *Moral Consciousness and Communicative Action* (Cambridge: Polity Press, 1990)., p. 86

Beginning with the traditional ethical question "how should we act?", Habermas[30] recognizes that such questions occur in different contexts. We may begin with basic *pragmatic* or purposive questions about the best ways to achieve particular ends. How to earn some money? How to fix the car? These often concern problems in the material world and they may be quite complex. Their resolution may well require information, expertise and resources. Many of the problems that occur within a business context are often seen like this and in that domain they would be classed as "hard" rather then "soft". In terms of ethical theory this relates to the consequentialist approach in which actions are judged in terms of their effects and consequences but only in the self-interests of the actor(s) concerned.

The question might, however, be rather deeper. What if the goals or ends to be achieved are themselves in question, or if the means to be used raise ethical or moral issues? Here we are concerned with the core values and the self-understanding of a person or a community. What kind of person am I, or what kind of group are we, that we should have these particular values and behaviours? These questions concern what Taylor[31] called strong preferences, to do with our being and way of life, rather than simply weak preferences such as tastes in food and clothes. Habermas calls these types of questions *ethical* questions in contrast to *pragmatic* questions discussed above and *moral* questions discussed below.

Within the pragmatic domain, efficacy is the test –does the action work? Does it have the desired effect? But within the ethical domain goodness or virtue is at issue. Does the action accord with and develop the actor's own existential identity and self-understanding? This clearly picks up on the Aristotelian and communitarian positions that emphasize the importance of developing the good life within one's community. Although the pragmatic and the ethical have very different concerns – the efficacious and the good – they are similar in that they are both oriented towards the self-interests of particular individuals or groups – the question is, what is efficacious or good *for us*? It is when one goes beyond that perspective to consider what might be good *for all* that one moves into the domain of *moral* questions. And this is really the focus of discourse ethics[32].

> We should not expect a generally valid answer when we ask what is good for me, or good for us, or good for them; we must rather ask: what is equally good for all? This 'moral point of view' constitutes a sharp but narrow spotlight , which selects from the mass of evaluative questions those action-related conflicts which can be resolved with reference to a generalizable interest; these are questions of justice.[33]

So, while discourse itself applies to all three domains, the main thrust of discourse ethics is actually moral questions, that is, those that concern *justice for all*; those that transcend the interests of any particular individual, group, nation, or culture but that should apply equally for all people. His approach is clearly Kantian in that he is interested in that which is universalizable but he effects a major transition away from the subjective thoughts or will of the individual agent (a monological focus) towards a *process of argumentation and debate* between actually existing people (a dialogical focus). This marks DE out from other approaches as Habermas does not see this as just an analytical procedure or thought experiment, he intends that such debates, especially within society as a whole, should actually occur. We can see now how discourse ethics is intimately related to TCA: the three domains,

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[30] Habermas, "On the Pragmatic, the Ethical, and the Moral Employments of Practical Reason."

[31] C. Taylor, *The Sources of the Self: The Making of the Modern Identity* (Cambridge, Mass: Harvard University Press, 1989).

[32] Indeed, Habermas accepts that it should really have been called "a discourse theory of morality" rather than ethics J. Habermas, *Justification and Application* (Cambridge: Polity Press, 1993)., p. vii

[33] ———, "Discourse Ethics, Law and Sittlichkeit," in *Autonomy and Solidarity : Interviews with Jürgen Habermas*, ed. P. Dews (London: Verso, 1992)., p. 248

the pragmatic, the ethical and the moral correspond with the three worlds; and the whole approach is embedded within the processes of communicative action.

How should we judge whether an action-norm is universalizable? Kant's categorical imperative is an exercise conducted from a particular person's viewpoint: what do they think would be suitable for all? We need to go beyond that and test whether such a maxim or norm can also be accepted by all of those affected. This leads to a reformulation of the CI in what Habermas calls the *discourse principle* (D):

> Only those norms can claim to be valid that meet (or could meet) with the approval of all affected in their capacity *as participants in a practical discourse*.[34]

This is a general statement about what would constitute a valid norm and has two essential parts: that the norm must be agreed or approved by all those affected, and that this must occur through an actual process of discourse. This is analogous to the truth of descriptive statements.[35] A statement is *true* if what it claims about the world is in fact the case. This is a definition but it does not tell us how to find true statements. Equally, a moral is *right* if all affected have participated in a fair discussion and agreed to it[36]. But D does not specify what such norms might be, nor what might be the process of discourse. The latter point is developed through a further *universalization principle* (U) which outlines how such norms might be arrived at:

> A norm is valid when the foreseeable consequences and side-effects of its general observance for the interests and value-orientations of each individual could be jointly accepted by all concerned without coercion.[37, 38]

The point of this process is to try to generate a *common will* and not just an accommodation of interests. That is, the participants should become convinced that it is genuinely the best way for all of them to resolve their common differences. To this end, i) the mention of "interests" and "value-orientations" refers to the participants concerns within the pragmatic and ethical domains respectively; ii) participants should try and genuinely take on the perspectives and roles of the other, and be prepare to modify their own; and iii) agreement should be based, as always, on force of argument rather than force of power.

3.3 Towards deliberative democracy

Habermas has always had as one of his primary concerns politics and the nature of the state. In the 1960s he argued against increasing instrumentality and technocracy in *Towards a Rational Society* [39] and in the 1970s analyzed the developing crisis in Western societies in *Legitimation Crisis.*[40] During the 1990s he developed his communicative and moral theories into a powerful model of the nature of democratic society within the post-national and multi-cultural age[41]. This has generated considerable debate within politics and legal circles.[42]

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[34] Habermas, "Discourse Ethics: Notes on a Programme of Philosophical Justification.", p. 66 original emphasis

[35] ———, "A Genealogical Analysis of the Cognitive Content of Morality."

[36] For Habermas, both truth and rightness are discursively vindicated but there is a significant difference. For truth, discourse merely recognises or signifies that a statement is (believed to be) true in respect of an objective world. For morality, discourse actually justifies or creates the norm as a norm within the social world Ibid., p. 38.

[37] Ibid., p. 42, original emphasis

[38] There are several versions of both U and D

[39] J. Habermas, *Towards a Rational Society* (London: Heinemann, 1971).

[40] ———, *Legitimation Crisis* (London: Heinemann, 1976).

[41] ———, *Between Facts and Norms*, trans. W. Rehg (Cambridge: Polity Press, 1996), Habermas, *The Inclusion of the Other*, J. Habermas, *The Postnational Constellation: Political Essays* (Cambridge: Polity Press, 2001).

[42] J. Dryzek, *Deliberative Democracy and Beyond: Liberals, Critics, Contestations* (Oxford: Oxford University Press, 2002), I. O'Flynn, *Deliberative Democracy and Divided Societies* (Edinburgh Edinburgh University Press, 2006), J. Parkinson. "Deliberating in the Real World: Problems of Legitimacy in Deliberative Democracy." (Place Published: Oxford University Press, 2006..

Figure 1 Varieties of Discourse about here

Societies are governed by laws and laws embody, in part, norms of expected behaviour. There is, therefore, an intimate connection between morality with its concern for rightness and justice for all, and the law and its need for legitimacy. The law also ultimately rests on the discourse principle (D) which defines valid norms, but there are significant differences between morality and law. Morality, as we have seen, is a domain drawn narrowly to include only those norms that can gain *universal* acceptance and it thereby excludes the ethical domain of individual or community values and conceptions of the good, and the pragmatic domain of goals and self-interest. The law cannot do that, however. It must operate in the real world and be able to regulate all three domains together. Moreover, and perhaps partly because of this, the law is positive as well as normative: it can take action and apply coercion and sanctions as well as claiming validity, whereas the moral domain rests on individuals and their consciences for its enactment.

These relations are illustrated in Figure 1.[43] At the top is the discourse principle which then splits into two – the moral principle and the democracy principle although as can be seen these are at different levels. The democracy principle governs those norms that can be legally embodied and gain the assent of all citizens through a legally constituted legislative process. Such laws have to deal with questions that arise in all three domains – the pragmatic, the ethical, and the moral. Each domain involves different reference groups and different discursive procedures. Moral questions are governed by considerations of fairness for all and ultimately relate to the world community. Moral norms can be justified through the universalization principle (U) but there also needs to be discourse about their application to particular situations, the application principle. Ethical questions concern issues of self-understanding of particular communities or forms of life and are highly relevant to the multicultural societies that exist nowadays. Pragmatic questions involve bargaining and negotiating fair compromises between competing interests.

Morality and the law are thus distinct but complementary. Morality is a domain where people agree to take on duties and particular forms of behaviour because they reach consensus through debate that the norms are universally applicable. The law should enshrine these norms but will also have to include many more specific norms to deal with ethical conflicts between different communities and pragmatic conflicts between different interests. Habermas envisages stages through which such debates may occur.[44] Initially, proposals or programmes for action are brought forward and these are evaluated in generally technical terms, based on information, knowledge and technical expertise, an example of the classic decisionistic approach of evaluating different means for accepted ends. Often however, the ends, that is the values and interests themselves, are seen to compete and discourse now needs to change to another level. There are now three possibilities: first, the issues may involve *moral* questions, that is questions that need to be solved in the interests of all, for example social policies such as tax, health provision or education; second, they could involve *ethical* questions that may differ between different communities and may not be generalizable such as immigration policies, abortion, or the treatment of the environment and animals.

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[43] Habermas, *Between Facts and Norms*..
[44] Ibid., p. 164.

Or, third, the problem may not be resolved either through general assent or the strength of a particular value because of the range of different communities and interests involved. In these cases one has to turn to bargaining rather than discourse. The parties involved need to come to a negotiated agreement or accommodation rather than attain a consensus. This is *not* a rational discourse (in Habermas' terms) since the parties involved will be acting strategically and may well employ power, and because the parties may agree for different reasons, whereas with a moral consensus the parties will agree for the same reasons. Nevertheless, rationality and the discourse principle can be applied to the *process* of negotiation if not its actual content.

Habermas's conception of deliberative democracy as a political institution can be seen in contrast with two other prevailing approaches – republicanism and liberalism.[45] On the liberal model, society in the main consists of self-interested individuals interacting within a market framework. The state has a necessary but limited role of regulating the market interactions where necessary and guaranteeing the rights of individuals to be able to be able to pursue their own interests within the legal framework. Citizens can then further promote their own interests through the electoral process and by attempting to gain access to administrative power.

The alternative republican view, heavily influenced by the political history of the US, envisages the state as an *expression* of the collective identity and will of the people. Citizens perceive themselves as participating in a community through which public discussion and debate generates the mutual recognition and understanding that constitute the norms of the society. The role of the state is to guarantee political rights such as participation and communication in order that a collective will can be generated rather than simply to smooth the path of conflicting individual interests.

Deliberative democracy can be seen as lying between these two extremes and to some extent incorporating the concerns of each. Republicanism draws on the ethical concerns of discourse ethics and on communitarianism more generally. Its emphasis on debate and discourse is welcomed but it is seen as too idealistic in the modern, globalized world. It relies too heavily on the good-will of the citizens and presumes too great a background consensus in the face of societies that may be strongly divided on cultural, religious, ethnic or economic grounds. On the other hand, liberalism draws on pragmatic concerns and sees only a battle of individuals and their conflicting interests. This surely does not do justice to the complex and multi-faceted nature of modern societies nor does it allow for the development of collective agreements about specific issues or universal concerns.

So deliberative democracy can be seen to weave together a whole variety of different forms of discourse and communication involving rational choice and the balancing of interests; ethical debates about forms of community; moral discussion of a just society; and political and legal argumentation. This complexity occurs not just in the traditional institutions of politics and the law, but increasingly in what Habermas refers to as the voluntary associations of civil society.[46] The whole third sector of community and voluntary groups, pressure groups, NGOs, trade associations and lobbyists, underpinned by the explosion of communication technologies, now occupy the space between the everyday communicative lifeworld, the economy and the state. They sense and respond to issues and concerns that

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[45] J. Habermas, "Three Normative Models of Democracy," in *The Inclusion of the Other*, ed. J. Habermas (Cambridge: Polity Press, 1999), F. Michelman, "Conceptions of Democracy in American Constitutional Argument: Voting Rights," *Florida Law Review* 41 (1989)..

[46] Habermas, *Between Facts and Norms*. ch. 8.

arise within the public sphere and channel them into the sluice gates of the politico-legal centre.

4. Ethics in Critical Realism

Bhaskar's critical realism (CR) has been developing as philosophy of science and social science for many years.[47] The ethical theory, although implicit and sometimes explicit in the earlier work, has become more developed in dialectical critical realism (DCR).[48] I shall not cover Bhaskar's work beyond DCR. I shall also not describe the underlying philosophy of science except to highlight the key elements important for ethics:

- The distinction between the *Real* domain of causally efficacious structures and mechanisms which generate the events that occur, or do not occur, in the domain of the *Actual*, a subset of which are observed and recorded to become *Empirical*.

- The distinction between the *transitive* domain of human scientific activity generating knowledge and the *intransitive* domain of the objects of that knowledge.

- The acceptance of the perpetual fallibility of knowledge, *epistemic relativity*, which does not, however, preclude us from *rationally judging* one theory to be better than another.

CR's view of morality has two main principles:

- **Moral realism**, that is, that there are moral truths in the intransitive domain independent of the subjective views of individuals or traditions, ultimately grounded in characteristics of human nature.

- **Ethical naturalism**, which implies that we can, through social science, discover what these moral truths are. This involves moving from facts, about the way things actually are, to values, i.e., how they should be and thus requires a refutation of Hume's law that you cannot derive ought from is. This is done by way of the concept of "explanatory critique".

The ethical approach can be expressed in terms of four stages – the *ethical tetrapolity* – which can be set in motion within a variety of different contexts – speech or discourse, action, existing morality or social science itself. Within DCR these dynamics are all termed dialectics, as in the dialectic of discourse, the dialectic of action or the dialectic of morality. I will explain the tetrapolity within the realm of discourse as that is most easily comparable with discourse ethics.

It rests on four main arguments:

A. That social science is evaluative not value-free[49]

Traditionally, science has rested on the premise that facts and values are separable, and science is only concerned with facts; and, *a fortiori,* that you cannot logically derive an ought from an is. The first argument establishes that (social) science in not value-free but unavoidably evaluative.

The subject matter of social science, the phenomena of the social world, is itself intrinsically value-full and it is wrong for social science to try and avoid this by redescribing the phenomena in neutral terms. For example, while a) "X was murdered" and b) "X ceased

[47] Archer et al., eds., *Critical Realism: Essential Readings*, R. Bhaskar, *A Realist Theory of Science* (Hemel Hempstead: Harvester, 1978), ———, *The Possibility of Naturalism* (Sussex: Harvester Press, 1979)..

[48] Bhaskar, *Dialectic: The Pulse of Freedom*, R. Bhaskar, *Plato Etc* (London: Verso, 1994)..

[49] Bhaskar, *Dialectic: The Pulse of Freedom.*, Ch. 3.7.

breathing" may both be true descriptions of the same event, a) is to be preferred because: i) it is more accurate and particular – a) implies b) but not vice versa; ii) b) tends to carry the presumption that X died naturally, since that is more common, when that is not in fact the case; and iii) a) maximizes the explanatory power of the theory required to explain it.

Thus, social science is inevitably and properly evaluative.

B. Deriving ought from is (explanatory critique)[50]

The next stage is to go beyond simply being evaluative to deriving normative implications – i.e., guides for action.

It is in the nature of social science to study social beliefs, and be able to judge their truth or falsity. It is also possible to show that there are structures within society that generate and maintain both true and false beliefs. So

1. Where science can demonstrate that a widely held belief is false, and

2. Identify structure(s) that maintains the false belief, and

3. Identify actions that would displace the structure(s), then

4. (*Ceteris Paribus*) it can negatively evaluate the structure(s), and

5. Positively evaluate the actions to remove them

The same basic argument can be applied to social conditions that are considered immoral rather than false beliefs, i.e., conditions that obstruct the realization of freedom, e.g., unnecessary constraints and unwanted ills. The *ceteris paribus* clause will be discussed below.

C. Commitment to action (theory-practice consistency)[51]

So far the arguments have been at the level of social science, but what about commitments of the individual towards taking action? The argument can be put in terms of discourse (speech acts) or agency more generally.

1. Where one expresses a judgement of a moral kind (expressively veracious) there is an implication of axiological commitment, that is, solidarity with the addressee to remove unwanted constraints or unnecessary ills.

2. The speech act should be taken as trustworthy by the addressee implying that they (and the addressor) should act on it (fiduciariness).

3. This leads to the need for explanatory critique (theory) to understand the reasons for the situation, and

4. Emancipatory axiology (practice) to take action to remove them,

5. Contributing to concrete universalized freedom of all

D. Universalisation[52]

The final step is to go from addressing a particular problem or constraint to a commitment to address all such constraints.

Once a commitment has been made, through a fiduciary remark, to remove a particular ill or constraint, the addressor and the addressee are logically committed to removing other similar

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[50] Ibid., Ch. 3.7.
[51] ———, *Plato Etc.*, Ch 7.1.
[52] Ibid., Ch. 5.3, Ch. 7.1.

ills and constraints and, similarly, are committed to removing constraints and ills as such, and ultimately to changing the society that maintains them.

> 'So the goal of universal human flourishing is implicit in every practical deed and every fiduciary remark'[53]

4.1 Assessing critical realist ethics

For me, there are two major strengths of CR ethics – the idea (that it shares with other critical traditions) of the necessity of emancipatory critique; and some of the specific arguments that Bhaskar makes concerning the relations between facts and values. But there are many problems in ever practically realising it.

Most traditional ethical theories – deontological, utilitarian or contractarian – generally take a subjectivist, individualist position. They specify in some way or another how individuals should act and then assume all will be well so long as they make the right decisions and then act on them. In contrast, CR, following in the line of Marxism and critical theory, recognises that people are not transparent to themselves, holding many unacknowledged and potentially false beliefs, and are constrained by structures and mechanisms within society. Thus we cannot expect that people will simply think and do the right things, we need social science that is enlightening in revealing false beliefs and empowering in generating alternatives. In this respect, critical realism is an advance through its more sophisticated philosophy of science and social science, and its model of human society.

In terms of the arguments, I do think that A, B and C above are powerful in establishing at least the *principle* that social science is intrinsically and unavoidably evaluative, and thereby committed, *in principle*, to critique of the status quo. However, as we shall see going further to practical applications of these principles is highly problematic.

Several authors have put forward criticisms of critical realist ethics[54] and I shall summarise them together with some of my own.

The first set of criticisms concern primarily argument B. This says, simply, that social science can determine that particular social beliefs are wrong; that there are mechanisms sustaining these beliefs; and that there could be preferred alternatives that should therefore be realised. The main arguments against it are that it involves a simplistic view of both science and the complexity and openness of modern society (in contrast to most of the rest of CR).

- The fallibilist nature of science (accepted by CR) means that we can never know for sure that particular beliefs are actually wrong; that particular structures sustain them; or what the actual effects of alternatives might be. This is exacerbated by the fragmented nature of social science itself with significant debates about philosophies, basic concepts (e.g., "class"), and degrees of applicability.

- The complex and open nature of society (again accepted by CR) means that there is unlikely to be a simple one-to-one relation between a mechanism and a resulting belief of ill. Rather a range of mechanisms interact with each other in complex ways generating a range of actualities some of which may be judged to be beneficial as well as harmful. So removing a mechanism, or part of a complex structure, may have unforeseen and unwelcome effects. Equally, it is difficult to construct alternatives that

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[53] Ibid., p. 148.

[54] A. Sayer, *Realism and Social Science* (London: Sage, 2000), M. Hammersley, "Research as Emancipatory: The Case of Bhaskar's Critical Realism," *J. of Critical Realism* 1, no. 1 (2002), H. Lacey, "Neutrality in the Social Sciences: On Bhaskar's Argument for an Essential Emancipatory Impulse in Social Science " *Journal for the Theory of Social Behaviour* 27, no. 2-3 (1997), N. Hostettler and A. Norrie, "Are Critical Realist Ethics Foundationalist?," in *Critical Realism: The Difference It Makes*, ed. J. Cruickshank (Abingdon: Routledge, 2003).

can be seen unambiguously as both desirable and feasible. These problems are generally hidden within the *ceteris paribus* clause that Bhaskar uses.

- These problems are exemplified by the lack of any practical examples of emancipatory critique within social science.

The second criticism concerns especially arguments C and D. The crux of the argument here is that once one accepts that a particular state of affairs is wrong, one is committed to taking action to change it for fear of committing theory-practice inconsistency. I think that it is reasonable that if one believes something is wrong one should not take actions which knowingly supports it, although even that is difficult because of the unacknowledged conditions and unknown consequences of our actions. But that does not commit one to taking direct action against it. After all, we all live in a world with many horrendous events that we would wish to be different but we cannot then be expected to devote our lives to trying to change them all, or indeed any of them specifically. We have to live as best we can in an imperfect world, and have to try to be consistent in aligning our activities with our values, but even that is very difficult given the complexity and uncertainty described above.

The third set of criticisms concern the assumption (developed more strongly in *From East to West*[55]) that the primary problem is constraints and ills forced on people by society and that if only these were removed people would share a universal set of values. However, this is very much an assumption and one that there is little evidence for in the world at the moment. Rather, we experience a world that is strongly divided not only in terms of pure interests, the haves and have-nots, but perhaps more substantively in terms of culture, ethnicity and religion. This means that people, already enmeshed in a moralised world, will come at issues with fundamentally different views. For instance, with regard to argument A, one side in a conflict might describe the murderer as a "freedom-fighter" while the other side would talk of a "terrorist". From what standpoint could a critical realist judge one to be right and the other wrong? Only from another, equally value-laden position. Through Western eyes, Muslim treatment of women would be seen as unnecessary and unwanted constraints, yet for a Muslim, Western behaviour may be equally offensive.

These deeply-entrenched value positions affect not only the starting point of the arguments in terms of problems to be addressed, but also recur at each stage in terms of structures and mechanisms that may be generating the situation and possible alternatives to them. They are not really addressed at all by Bhaskar, except for a brief nod towards communitarians[56] where he accepts both that moral beliefs are diverse, and that moral truths are relative because of the open nature of society. This latter point seems to undermine much of his previous argument since if moral *truth* (as opposed to *knowledge*) is relative to time and culture how can we privilege one over another? I suggest, as does Sayer,[57] that this perhaps leads into Habermas's discourse ethics.

5. Comparing Habermas and Bhaskar

There are clearly many prima facie resonances between the two approaches in general, and Bhaskar mentions Habermas's work on several occasions, sometimes to point out differences[58] and sometimes to talk of a rapprochement.[59]

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[55] R. Bhaskar, *From East to West* (London: Routledge, 2000)..
[56] Bhaskar, *Plato Etc.*, p. 160.
[57] Sayer, *Realism and Social Science*., p. 167.
[58] Bhaskar, *Plato Etc.*, p. 142
[59] Ibid., p. 160.

5.1 Similarities between Habermas and Bhaskar

a. Critical social science

First, the fundamental ideas of the inevitably evaluative nature of social science and that it should play the role of explanatory critique were both explicit in Habermas's early work – see for example *Towards a Rational Society*[60]and *Theory and Practice.*[61] That was, in many ways, the whole purpose of a critical science. Also, both use essentially the same form of argument, what Bhaskar calls transcendental or retroductive, and Habermas calls rational reconstruction. This involves taking some generally agreed phenomena (e.g., experimental activity or human communication) and asking what must the world be like for this phenomenon to occur as it does.

What is interesting is that in his more recent work, certainly since discourse ethics, Habermas makes virtually no mention of critical theory or critical social science. I am not sure whether that is because it is just taken for granted as a background to the whole project, or whether it signals that Habermas is no longer committed to such a view. Certainly he seems much more pessimistic now. In "*What Theories Can Accomplish – and What They Can't*"[62] he writes:

> 'All social theories are highly abstract today. At best, they can make us more sensitive to the ambivalences of development: they can contribute to our ability to understand the coming uncertainties … they can open our eyes to dilemmas that we can't avoid and for which we have to prepare ourselves.'

While in a chapter called "*The Relationship between Theory and Practice Revisited*"[63] he admits that 'Philosophy thus no longer positions itself as a pretentious countervailing power against the entire modern world'.

b. Discourse

Both theories can be set within the framework of discourse and its presuppositions. Habermas is wholly oriented towards discourse or communicative action whilst Bhaskar's theory is realized in several domains. With regard to discourse however, both see it as a fundamental form of human activity that brings with it certain claims or presuppositions. For Habermas, implicit in every (non-strategic) speech act is the idea of reaching understanding through unfettered debate; for Bhaskar, implicit in every fiduciary remark is a commitment to an emancipated society.

Moreover, there are interesting linkages between Bhaskar's fourfold judgement form and Habermas's validity claims. For Bhaskar, when a person makes a judgement which is *expressively veracious* (roughly, a claim that expresses how things really are very well) the claim must be *imperatival-fiduciary* (trust me, you can act on it); *evidential* (there must be good grounds for believing it) and *descriptively accurate* (this does represent how things are). This is related to Bhaskar's four degrees of truth (the truth tetrapolity): the weakest level is *fiduciary*, "just trust me"; the second level is *epistemological*, warranted assertability - there must be evidence or grounds for it; the third level is *expressive-referential* such that the proposition does describe how things actually are; and the fourth is *ontological* or *alethic* – the existence and causal grounding of things in themselves[64].

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[60] Habermas, *Towards a Rational Society*..

[61] J. Habermas, *Theory and Practice* (London: Heinemann, 1974)..

[62] ———, "What Theories Can Accomplish - and What They Can't," in *The Past as Future: Jurgen Habermas Interviewed by Michael Haller*, ed. Michael Haller (Cambridge: Polity Press, 1994).. p. 116.

[63] ———, *Truth and Justification* (Cambridge: Polity Press, 2003)., p. 285

[64] My alignment of these categorisations is different to that usually assumed, for example in the Dictionary of Critical Realism M. Hartwig, *Dictionary of Critical Realism* (Abingdon: Routledge, 2007)., Table 19 which correlates evidential with alethic and descriptive with epistemological.

In terms of validity claims, sincerity clearly relates to fiduciary in concerning the trustworthiness of the speaker. Truth would seem to relate to expressive-referential as it concerns claims as to states of affairs in the material world at least, while the rightness of norms does not fit well. This is because of Habermas's anti-naturalism and consensus theory of truth which will be discussed below.

c. The ideal society

Both writers express very similar views about the nature of an ideal society towards which we should try to move. Bhaskar uses the Greek term eudaimonia to describe a happy and flourishing society in which everyone is free from unnecessary constraints on their freedom. This recognises that people should be free to be different to the extent that this does not restrict the freedom of others. The freedom of each is a necessary condition for the freedom of all. Habermas is less specific about some idealised society as his approach is more procedural, concerned with specifying rational procedures for communication and discourse that would then allow participants to generate their own moral norms, but he does say:

> moral concern is owed equally to persons both as irreplaceable individuals and as members of the community … equal treatment means equal treatment of unequals who are nonetheless aware of their interdependence. … The equal respect for everyone else demanded by a moral universalism sensitive to difference thus takes the form of a nonleveling and nonappropriating inclusion of the other in his otherness.[65]

However, they differ in terms of where society is coming from and how it is to get there. For Bhaskar, the problem is largely the oppressive power relations of existing societies and the *modus operandi* is action, if necessary direct action, to remove these constraints. For Habermas the concern is more how, in today's globalized society, conflicting collectivities, be they based on religion, culture or ethnicity, can reconcile their differences in a way that is satisfactory for all. And the answer is debate and discourse in which participants genuinely try to take on the perspective of the other:

> For given a pluralism of legitimate world views, conflicts of justice can be resolved only if the disputing parties agree to create an inclusive We-perspective by mutual perspective-taking.[66]

d. Other commonalities

I have discussed above how Habermas's theories have led to the development of sophisticated ideas concerning the nature and role of law in modern societies, and also the concept of deliberative democracy and the importance of third sector organisations such as NGOs, pressure groups and so on within that. Bhaskar too sees an important role for participative democracy or participation-in-democracy (not perhaps quite the same as deliberative democracy but certainly close) and recognises the role of a variety of organisations within this. He also accepts that this may have to be representative rather than fully inclusive [67]

Secondly, both embrace forms of universalization as a foundation for morality, although in different ways. For Habermas, universalization is specifically in terms of norms that apply to all people, at least all those who are affected by something, and this is what distinguishes moral from ethical questions. It is different from the Kantian categorical imperative in being the result of a particular discursive process rather than abstract and general. For Bhaskar, universalization concerns the extent to which judgements should apply in other, similar circumstances. If the judgement is true and truthful then the same reasons and results should

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[65] Habermas, "A Genealogical Analysis of the Cognitive Content of Morality.", p. 40
[66] ———, *Truth and Justification*., p. 235.
[67] Bhaskar, *Plato Etc*., p. 156.

apply and the speaker should be willing to affirm it in another person's situation. It is thus a test of consistency (sincerity) and truth (replicability).[68] Bhaskar emphasises that this applies to the concrete individual with their particular circumstances, rather than the generalised other. However, this raises questions about the extent to which any situation, or person, is similar to another – are they not all at some level unique? Habermas addresses this question in terms of a discourse of applicability which considers whether particular norms are applicable in individual circumstances.

Finally, both claim that their approaches can include other ethical theories such as communitarianism, virtue ethics, deontology, and so on.

5.2 Differences between Habermas and Bhaskar

For all that there are similarities in priorities and approach, there are at least two major and related divergences – the reality of moral truths and the role of (social) science in discovering them and thus in bringing about the eudaimonic society.

For Bhaskar, moral truths are real and they may be discovered through science. He maintains a strong distinction between moral principles as they actually exist at the moment, which may be distorted and false; and moral truths which can be generated through explanatory critique. Habermas, on the other hand, maintains that valid moral norms (he would not call them moral *truths*) are *constructed* by people coming to agreement through a process of discourse. Thus, whereas Bhaskar claims an outside standpoint from which to critique existing views, Habermas holds that there is nothing other than the result of a practical discourse to determine what moral norms should be. These would seem to be incompatible positions: either moral truths exist over and against existing peoples' beliefs, or they are actually determined by peoples' beliefs, but surely not both? I want to argue now that in fact that their positions are much closer than this stark contrast would suggest.

If we begin with Habermas, for most of his career he had a decidedly anti-realist and anti-naturalist stance. There were clearly different domains of knowledge which had their own appropriate methodologies and certainly there was a dislocation between the empirical sciences and the social sciences.[69] One thing the sciences shared, however, was a consensus theory of truth, i.e., even in the empirical sciences truth, following Peirce's pragmatism, was defined as that which was agreed by the scientific community through unfettered discourse rather than that which resulted from interaction with an independent reality.

However, in more recent work Habermas[70] has made a significant shift towards what he calls an ontological rather than a purely epistemic conception of truth, and a "weak naturalism" which puts him much closer to critical realism in general.

> I have given up an epistemic {based only on reason and discussion – JM} conception of truth and have sought to distinguish more clearly between the truth of a proposition and its rational assertability (even under approximately ideal conditions).[71]

Habermas now accepts the basic realist view that there is a world independent of humans; that we all experience the same world; and that this places constraints upon us; whilst still accepting that our access to this world is inevitably conditioned or filtered through our concepts and language. The idea of ideal rational discourse is not wholly wrong, but is insufficient for the task.[72] Whilst it is necessary that we come to believe or accept the truth of

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[68] Ibid., p. 65.
[69] J. Habermas, *Knowledge and Human Interests*, 2 ed. (London: Heinemann, 1978)..
[70] Habermas, *Truth and Justification*..
[71] Ibid., p. 8.
[72] Ibid., p. 252.

propositions through a thorough process of rational discourse, that we do so is not sufficient to guarantee their truth. Even the most strongly held and well-justified views may turn out to be false.

Habermas's move away from an epistemic (discursive) conception of truth is actually towards an ontological one. When we make what we take to be true assertions we are expressing beliefs that certain states of affairs do actually exist, and that these in turn refer to entities or relations that also exist. This establishes a relation between truth and reference; between the truth of statements and aspects of an objective world. This is so even between different linguistic communities (spatial or temporal) where the same referents, the same objects of discourse, may well go under different descriptions.

> The experience of 'coping' (with life – JM) accounts for two determinations of 'objectivity': the fact that the way the world is is not up to us; and the fact that it is the *same* for all of us.[73]

This does not of course guarantee that "knowledge" is true – Habermas is fallibilist in the same way that Bhaskar is:

> Insofar as knowledge is justified based on a learning process that overcomes previous errors but does not protect from future ones, any current state of knowledge remains relative to the best possible epistemic situation at the time. [74]

However, Habermas still draws a distinction between propositional truth and moral rightness. Claims to rightness are akin to, or analogous with, the concept of truth, but are not identical to it. Truth is discursively arrived at, in that what is taken to be true at a particular time is the result of debate and agreement, but it nevertheless has an outside referent that can demonstrate it to be wrong. Both truth and rightness are discovered in the same way, through discourse; and are justified in the same way – warranted assertability - but a true proposition refers to an objective world whereas a right norm does not refer to anything outside the discourse. It is no more than the warranted assertability that those involved in the discourse have agreed that it is indeed worthy to be a universal norm.[75]

But this does not mean that rightness has no sense of externality at all; that it is purely a free construction. It can to some extent meet the two characteristics of objectivity – that it is not just up to us, and that it is the same for all of us. First, rightness does have to be *discovered* in the same way as truth. It is only after an actual discursive episode, in which social players with differing interests and values have had to battle to an agreement, that moral norms are established. They are created *through* the discourse, they cannot be determined by outside observers. Second, agreed norms may later turn out to be wrong, either because the premises or information available was limited or incorrect, or indeed because the open social world changes and develops and the situation becomes different. This is very much the case with environmentalism today – the current debates and discussions have been triggered by new knowledge. Third, there is the idea of universality - only those norms are right that can be agreed by all affected, and then enacted in bringing about a moral society.

> Insofar as we test the rightness of moral statements from such a universalist point of view, the reference point of an ideally projected social world of legitimately ordered interpersonal relationships can serve as an equivalent for the absent constraints of an objective world.[76]

The second major difference between Bhaskar and Habermas, the role of science within explanatory critique, was discussed briefly above. Certainly Habermas now makes very little

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[73] J. Habermas, "Rightness Versus Truth," in *Truth and Justification*, ed. J. habermas (Cambridge: Polity Press, 2003)., p. 254.
[74] Habermas, *Truth and Justification*., p. 41.
[75] ———, "Rightness Versus Truth.".
[76] Ibid., p. 261.

of the role of or need for science in moral argumentation. It is as if he no longer recognises that participants in a debate may indeed be misinformed or have false beliefs which would thus render the results invalid. However, since the whole point of an ideal process of argumentation is that *all* information and knowledge are brought in, and that *all* views are open to critique, one might expect that scientific knowledge would figure strongly and would potentially lead to changes of view and attitude in support of the "better argument".

But Habermas would see the difficulty in a moral debate as different to that of false belief. In everyday discourse, or even in scientific discourse, the primary concerns are matters of fact, and perhaps beliefs about their causes, but a moral discourse is driven by differences in, perhaps deeply held, convictions, values and interests. The requirement on participants is that they must be genuinely honest with themselves, and that they are willing to place equal weight on the views and values of other participants in order to surpass their differences and find a just outcome which they will all, as participants, have to live with.

We could perhaps summarise this in the following way. For critical realists, Habermas is still not realist enough even though he has moved in this direction. The realities of oppression and suppression still force themselves upon us in ways that go beyond merely moral debate. They would insist on the ontological reality of social structures and their effects, and would insist on the necessity of an emancipatory social science to go beyond the everyday assumptions of existing moralities. This would seem to place critical realism above or beyond discourse ethics.

Yet, as we saw in the criticisms of CR, is it not too simplistic in its rather one-dimensional and reductionist views of causation and change? Do we not live in an extremely complex, interdependent and rapidly changing world in which social science is hard-pressed to explain what is happening at the time let alone come up with equitable and robust alternatives? At the same time, is it not the case that in fact many people understand only too well the realities of the world and the strong differences in value orientations and interests that are in play at this time? This would lead critical realism, with its fallibilist view of knowledge, to have to accept that in practice it is actually the agreements and commitments of participants within a discourse process, whether they are scientists/experts or ordinary people, that is necessary for development and change. Put this way, critical realism, despite its realism, has to come to depend on discourse to decide what it takes to be true at any particular time and thus may ultimately depend on discourse ethics. Even Bhaskar recognises that there will always be difficult decisions to be taken, even in utopia:

> Such a {eudaimonistic} society would be an open process. … Contradictions would exist, of necessity. Difficult decisions would have to be taken, democratically – at a plurality of spatial and organizational levels and spheres of interest – by sometimes circuitous decision-making routes. There would be competing conceptions of the details of the eudaimonistic society, grounded in competing theories of four-planar social being, almost inevitably represented by competing parties.[77]

How are these difficult decisions to be taken and competing interests reconciled if not through discourse and debate?

We can therefore argue that both positions complement and contribute to each other although there does remain a small but significant fissure between their respective positions on social reality. This could perhaps be bridged if Habermas made a further move in this direction to recognise the objectivity of at least some aspects of society.

6 Applying Discourse Ethics and Critical Realism in Business

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[77] Bhaskar, *Dialectic: The Pulse of Freedom.*, p. 295.

There have been some applications of DE already in business but none that I can find of critical realist ethics. DE has been advocated in two main ways: concerning the role of corporations as a whole within society, drawing on the later theory of deliberative democracy; and also at the level of communications within organizations.

Reed[78] has used DE as the basis of a normative stakeholder theory of the firm, arguing that the distinctions between legitimacy, morality and ethicality provide a more sophisticated and comprehensive approach to dealing with the normative bases of stakeholder claims; and that the underlying communicative theory goes beyond the abstract notions of a Rawlsian veil of ignorance towards actual debate and discourse, and a recognition of the realities of compromise and bargaining. Smith,[79] in part developing from Reed's work, argues that increasingly companies will not be able to achieve their long-term strategic aims by acting in a purely instrumental, pragmatic manner – but need to become engaged within the moral and communicative spheres of society as a whole. In a similar vein, Palazzo and Scherer[80] argue that corporations need to become politicized in the sense that they need to become genuinely political agents within an increasing globalized, "postnational"[81] world: 'These phenomena need to be embedded in a new concept of the business firm as an economic *and* a political actor in market societies'.[82]

Moving to communicative action as such, Meisenbach[83] has attempted to operationalize Habermas's universalization principle (U) to guide those conversations within an organization that have a moral dimension, i.e., that potentially affect all those within the community, and her proposals will be taken up later. DE has also been suggested as a basis for theorizing moral principles in decision making in organizations[84] and as a basis for ethical auditing.[85]

For myself, I suggest that there are several general contributions of DE, and to some extent critical realism. First, is the idea of *practical discourse*. DE is unlike *all* other ethical theories in that it requires actual discussion and debate among real people who may be affected by a norm or proposal, and it accepts the outcome as that which is morally correct, assuming of course that the debate was sound. In this, it would seem to have the *potential* for bringing about ongoing, practical resolutions of moral and ethical concerns.

The second contribution is its emphasis on *universalization*. DE distinguishes moral issues that concern everyone involved in a particular situation from ethical and pragmatic ones which are relative to particular individuals or groups. It therefore pushes us to consider, *and involve*, as wide a range of stakeholders as possible in decisions and system designs. This is especially of concern today in a world with such fractured and antagonistic worldviews where involving all parties in trying to find shared ways forward seems the only possible strategy.

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[78] D. Reed, "Three Realms of Corporate Responsibility: Distinguishing Legitimacy, Morality and Ethics," *J. Business Ethics* 21 (1999), ———, "Stakeholder Management Theory: A Critical Theory Perspective," *Business Ethics Quarterly* 9, no. 3 (1999)..

[79] J. Smith, "A Precis of a Communicative Theory of the Firm," *Business Ethics: A European Review* 13, no. 4 (2004)..

[80] Palazzo and Scherer, "Corporate Legitimacy as Deliberation: A Communicative Framework.", A. Scherer and G. Palazzo, "Towards a Political Conception of Corporate Responsibility: Business and Society Seen from a Habermasian Perspective," *Academy of Management Review* 32, no. 4 (2007)..

[81] Habermas, *The Postnational Constellation: Political Essays*..

[82] Scherer and Palazzo, "Towards a Political Conception of Corporate Responsibility: Business and Society Seen from a Habermasian Perspective.", p. 1115 original emphasis.

[83] R. Meisenbach, "Habermas's Discourse Ethics and Principle of Universalization as a Moral Framework for Organization Communication," *Management Communication Quarterly* 20, no. 1 (2006).

[84] T. Beschorner, "Ethical Theory and Business Practices: The Case of Discourse Ethics," *J. Business Ethics* 66 (2006), G. de Graaf, "Discourse and Descriptive Business Ethics," *Business Ethics: A European Review* 15, no. 3 (2006)..

[85] Garcia-Marza, "Trust and Dialogue: Theoretical Approaches to Ethics Auditing," *J. Business Ethics* 57 (2005)..

Thirdly, DE is both more comprehensive, and in a particular sense more practical, than other ethical theories in recognizing that in the real world there are different types of issues, and different perspectives from which to approach them. As well as questions of justice, DE incorporates, to some extent, the concerns of utilitarianists and consequentialists in accepting pragmatic questions that need to be settled through bargaining and even the exercise of strategic action. It also recognizes the concerns of communitarians in accepting that some questions may well *not* generate universal, but only local, agreement and yet can still be the subject of rational discourse. Business, like law, also has to deal with issues in all three domains since, in the long term *effectiveness* also requires an acknowledgement of the good and the just as well as the practical.

Moving to critical realism, its main contribution would seem be to management studies as a discipline and a pedagogy. There has long been a debate about the relationship between the discipline and its object of study – management practice. Traditionally, management studies was seen in either positivistic terms, generating generalised, abstract and value-free knowledge based on measurement and experimentation; and/or in functionalist terms, concerned with making management more effective on behalf of shareholders. This was generally called "Mode 1" knowledge as opposed to Mode 2 knowledge which was more engaged, context-driven and problem-oriented. In either case, however, significant problems emerged in terms of what became known as the "rigour vs. relevance" debate. The more rigorous, in positivist terms, that knowledge was, the less relevant and useful it tended to be; whilst the more practical and relevant, the less it was valued as knowledge as opposed to "consultancy".

But there is a third perspective, much more aligned to critical realism, known a critical management studies[86] that recognises a greater degree of ambiguity between management theory and practice. On the one hand, management as a discipline needs to be able to hold itself away from the actuality of practice in order to be able to analyse and critique it. On the other hand, especially in terms of management education, it is the management discipline that is training the next generations of managers and so must be responsible for equipping them with more than simply functional techniques. Here, critical realism can play a major role[87] in demonstrating the value-full nature of social science and providing secure philosophical underpinnings for an emancipatory management studies.

If these are the strengths of discourse ethics and critical realism, it has to be accepted that, as it stands, they are too abstract and idealized to be directly or practically utilized within business. So we need to consider to what extent they can be pragmatised without becoming entirely emasculated. Ways of doing this, linking into practical methodologies for problem solution and resolution, have been investigated in the domain of information systems by Mingers and Walsham.[88]

6. Conclusions

We live in a world in which businesses and corporations often have more power than nation states and in which globalization has brought to the fore the deep divisions between cultures and religions. This makes it vital that executives consider the ethical and moral dimensions of

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[86] M. Alvesson and H. Willmott, eds., *Critical Management Studies* (London: SAGE Publications, 1992), C. Grey, D. Knights, and H. Willmott, "Is a Critical Pedagogy of Management Possible?," in *Rethinking Management Education*, ed. R. French and C. Grey (London: SAGE Publications, 1996).

[87] J. Syed, J. Mingers, and P. Murray, "Beyond Rigour and Relevance: A Critical Realist Approach to Business Education," *Management Learning* forthcoming (2009).

[88] J. Mingers and G. Walsham, "Towards Ethical Information Systems: The Contribution of Discourse Ethics" (paper presented at the ICIS 2008, Paper 176, Paris, 2008).

their decisions, not only the economic ones. A range of traditional ethical theories have been deployed in business but they often remain abstract and somewhat arbitrary in their application.

This paper has considered two more modern ethical approaches – discourse ethics and critical realism – to consider whether they have anything of substance to offer. They share a considerable range of commonalities whilst at the same time differing in their view as to the reality of moral truths. But, I argue, in many ways they complement each other and can potentially be combined together in fruitful ways. Even if this were done, as it stands they remain at too abstract and idealistic level to be of direct practical use and research would be needed to pragmatise them without losing their essentially critical core.

Discourse Principle (D)
Only those norms can claim to be valid that meet (or could meet) with the approval of all affected in their capacity *as participants in a practical discourse*

Democracy Principle
Only those statutes can claim legitimacy that can meet with the assent of all citizens in a discursive process of legislation that in turn has been legally constituted

Pragmatic
- All involved social groups
- Negotiating fair compromises between competing interests

Ethical
- "Our" community or form of life
- Express authentic self-understanding

Moral Principle:
- The community of world citizens
- Equal consideration given to the interests of all

Universalization Principle (U)
Principle of argumentation for justifying universal norms

Application Principle
Principle of argumentation for applying norms in particular situations
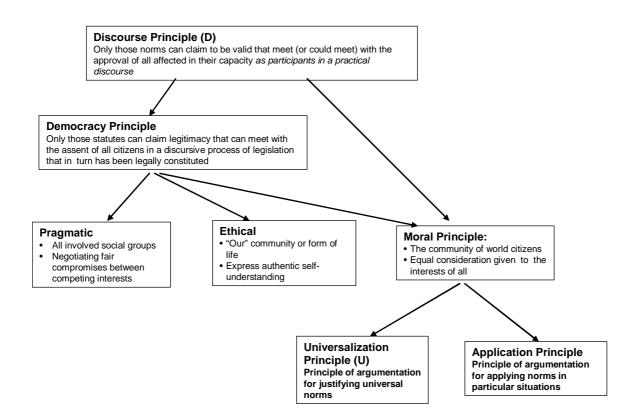
Figure 1 Varieties of Discourse

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University of Kent