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Richard T. De George
University of Kansas

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Can Corporations Have Moral Responsibility?

Richard T. De George

The notion of collective moral responsibility has received relatively little treatment in the Anglo-American philosophical literature.¹ This is surprising, given the increasingly widespread practice of ascribing moral responsibility to groups, peoples, and other collections of individuals. After World War II it was common for people to speak of the moral responsibility of the German people for Nazi atrocities; during the Viet Nam War many people accused America of immorality in carrying on an immoral war and using immoral tactics such as defoliation and napalm bombings; the whites in the United States have been said to be morally responsible for the plight of the blacks and responsible for making due reparation; and so on. There are many issues involved in the ascription of collective moral responsibility. In this paper I shall focus on collective responsibility as it pertains to corporations.

Corporations make for a special case of discussion of collective responsibility because they are a special kind of entity. Chief Justice Marshall, in *Dartmouth College v. Woodward* in 1819 gave the corporation its classical formulation: "A corporation is an artificial being, invisible, intangible, and existing only in contemplation of law. Being the mere creature of law, it possesses only those properties which the character of creation confers upon it, either expressly, or as incidental to its very existence. These are such as are supposed best calculated to effect the object for which it was created."² Corporations are not natural persons, they do not have the properties of natural persons, and they have neither all the liberties nor all the liabilities of natural persons. These are the minimum legal facts which every theory concerning a corporation must acknowledge and take into account.

Now there are two views of the moral responsibility of the corporation with which I shall begin my analysis. Each is deficient in some respects. But each raises issues which it is important to be clear about. The first I shall call the Organizational View; the second the Moralistic View.

The Organizational View starts from the legal definition of the corporation and draws out some of its implications. The literature on organizations is immense, and the Organizational View of corporations has been developed by sociologists and organizational theorists.³ The view of the corporation developed by them has not been universally accepted, though it has been accepted by a large number of businessmen and workers, as well as by theoreticians.

According to the Organizational View, a corporation is a legal entity established for certain limited purposes -- profit, production, the provision of services, and similar restricted ends. It is organized to fulfill these specific tasks. As Chief Justice Marshall noted, it has only those properties which its charter confers upon it. It is not a natural person, and is a person at all only for legal purposes. Since a corporation is not a natural person it needs human agents if it is to function. The human agents, however, when they act as parts of the corporation do not act for themselves, as natural individuals in their private capacity. They act as impersonal agents of the corporation in order to fulfill the corporation's ends. Each person working within the corporation has a function which he is to carry out in accordance with the stated ends of the organization. Each person is

replaceable by other people. The corporation has "the blessings of potentially perpetual life and limited liability,"⁴ which its individual employees in their personal lives do not have. In acting for the corporation an individual person does not act for himself but for the corporation. As long as his actions are part of the proper task assigned him and in accordance with the proper ends of the corporation, the actions are corporate actions, and the liability incurred are the corporation's liabilities. To the extent that an individual cheats the corporation, manipulates it, or in other ways acts contrary to its ends and his function, he incurs personal liability. But these are actions he performs as a person in his own right and not as an agent of the corporation.

Now on this view a corporation is a legal person only. It is not a moral person. To speak of it in moral terms, therefore, is to make a category mistake.⁵ It is to take a corporation for a kind of entity which it is not. Since, moreover, its employees, when acting in their official capacity as impersonal agents of the corporation, are not acting in their own right, it is also a mistake to try to impute moral responsibility to them for their actions. This confuses their status as natural and hence moral persons, with their impersonal, legal functions. Individuals in a corporation should not let their personal moral notions supersede the ends of the corporation. If a corporation is established to produce goods and profits, and some members of the corporation feel that more good could be done by giving the profits to charity than distributing dividends to shareholders, as agents of the corporation they are not empowered to follow their own moral bent. To do so would be to make them legally liable as individuals for improper use of corporate assets. The Organizational View maintains, therefore, that moral responsibility cannot properly be assigned either to a corporation for its actions, nor to the agents of a corporation when they act as corporate agents. As legal entities corporations can be legally restrained and can have legal responsibility. But they cannot logically be held morally responsible or have moral responsibility. For they are not moral agents or entities.

Now some organizational theorists conclude from this description that morality is not part of a corporation's concern. Laws must be complied with. But moral concerns have no place in its structure. This is true both in the external dealings of the corporation, when it acts to achieve its ends, and also in the internal structuring of the organization. If people are hired by managers to work for the organization, moral notions which the manager may have about wages and rights should not color his official actions. Workers are free to accept a job with the corporation or not. No one should be forced to work for a corporation. But if someone does agree to work for a corporation, then he agrees to the conditions the corporation attaches to his position. Both the freedom of the worker to enter a contract and the freedom of the corporation to hire individuals are guaranteed by law. As long as all parties abide by the law, personal moral judgments are irrelevant.

This view is accepted, I have indicated, by many workers as well as by many managers and owners of corporations. And holding this view they are understandably annoyed by those outside the corporation who wish to evaluate it from a moral point of view, who wish to impose their moral views on its activities. If producing napalm bombs is legal, and if in fact the government is the prime purchaser, then those who from some moral point of view claim that producing napalm bombs is immoral, that Dow Chemical is immoral to produce them, and that any employees of that company who continue to work for it are immoral because they are taking part in an immoral activity, are simply mistaken. Those who make such charges may be moral people. But they are confused. They fail to understand that a corporation is a legal, not a moral person, and that the persons who work for a corporation work not as persons exercising their own moral views but as impersonal agents restrained by the ends and structures of the corporation.

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For those who hold this Organizational View it is proper to discuss the legal responsibility of corporations and of persons within a corporation, but it is improper to speak of either's moral responsibility, individual or collective.

For those who hold what I have called the Moralistic View, these conclusions are simply morally outrageous. If it is a category mistake to apply moral language to corporations, then corporations in effect have moral immunity. Thus, while murder by an individual can be morally condemned, Murders, Inc. cannot be faulted from a moral point of view for pursuing its goal, nor can its agents for doing what is necessary to achieve the corporation's ends. To pick a case in which the end is not illegal, Hitler's SS, if incorporated, could not be morally faulted for exterminating Jews. Nor can Advertisers, Inc. be morally faulted for its ads, providing they are within the letter of the law, nor Shoddy, Inc. if it produced dangerous tools not prohibited by law. All of them may be legally restrained; but they are morally immune. This is so preposterous, the advocates of the Moralistic View claim, that the Organizational View is obviously fundamentally and dangerously mistaken. Individuals do not cease to be moral persons simply because they are employed by corporations; nor are corporations or other organizations or legal entities, such as nations, immune from moral evaluation and criticism. To hold such a view is to fail to understand the nature of morality, and to fail to understand that all human activities are subject to moral evaluation. Incorporation does not render one morally immune.

Now in favor of the Moralistic View is the fact that people do morally evaluate corporations and other similar organizations and collective entities. If it is immoral to do x , then it is immoral whether it is done by an individual or by a corporation. To hold otherwise might be a legal nicety, but it fails to take account of a widespread moral practice. A widespread moral practice may be an erroneous practice. But in this case the practice is held to be erroneous only because of a theory of organizations. And the defense of that theory, the reason why we should adopt that one rather than some other one, is by no means compelling. Given a choice between holding the Organizational View with the implication that all moral judgments of corporations are mistaken, and holding an alternative view which better accounts for the fact that people do morally judge the actions of corporations, it seems to me the latter is to get preference. We should admit that the Organizational View is at least in part deficient and see whether it can be remedied, though to say it is deficient is not to say that it is completely mistaken. Moreover, if the Moralistic View claims that corporations are moral agents in the same way and in the same sense that natural persons are, it also is mistaken. In claiming that a corporation which makes napalm bombs is acting immorally, or that a corporation which exploits its workers is acting immorally we seem to be saying something quite appropriate, and the claim that we are making a category mistake seems arbitrary. But if we speak of the moral feelings of the corporation, or of its pangs of conscience, or of its moral shame, we would obviously be speaking metaphorically at best. Though individuals within a company may express shame or pangs of conscience, corporations cannot; nor is it clear that the individuals within the corporation, if they do express shame for the company's actions, do so as agents of the corporation.

In looking for alternative views of the corporation, let me first note that it is possible to construe Chief Justice Marshall's statement that a corporation possesses those properties "incidental to its very existence" as including some moral properties. The argument would be that any agent whose actions can be considered rationally determined and whose actions affect human welfare, is morally obliged to take the results of its actions into account from a moral point of view. The actions of corporations, as organizational theory admits, are rational. They also affect human welfare. Hence it is proper to morally evaluate them, and

Nonetheless we should separate the actions of a corporation and the moral evaluation of these actions from the notion of moral responsibility as applied to human persons. For though the quality of the actions of a corporation can be evaluated in terms similar to those used to evaluate the actions of individuals, this is not the case with responsibility.

In evaluating the actions of corporations we are evaluating public actions. In fact, public actions are the only kind of action appropriate to corporations. All a corporation's actions are public because all of them must be done by human persons either individually or collectively for the corporation. And such activity does not count as an activity of the corporation unless it is public, even if done in secrecy. The notion of public here is used in contrast not to secret but to interior. A corporation has no interiority.

Now just as human agents, when they act in their individual capacity, perform actions which can be morally evaluated, so corporations when they perform similar actions can have their actions morally evaluated. If stealing is morally wrong, it is morally wrong for individuals to steal and it is morally wrong for corporations to steal. If murder is wrong for individuals, it is similarly wrong for corporations. If lying is wrong for the one, it is wrong for the other. If breaking promises and contracts is morally wrong for the one, it is morally wrong for the other. And so on.

Morally condemning the actions of a corporation, however, does not entail that it is a moral agent in the same sense as an individual person.

Moral responsibility, when we speak of it in terms of human persons, can either be ascribed to an agent from the outside (i.e., by other people), or it can be assumed by the agent himself, i.e., ascribed by him to himself. The notion of moral responsibility has as one of its features the fact that the responsibility which is ascribed from the outside is the same as that assumed by the agent. At least it could be the same in principle. It is for this reason that moral sanctions can be effective and that morality can be internalized.

When we move from the realm of individual human beings to that of corporations, however, the language and practices of morality no longer hold in the same way as on the level of human individuals. Organizational theory is correct in holding that it is a mistake to ascribe certain moral characteristics to corporations. It is appropriate to speak of the subjective value and worth of individual persons; it is not clear that it is appropriate to speak of the subjective value and worth of corporations. Corporations are simply not moral agents with feelings, emotions, conscience, and so on.

A methodological individualist would claim that the actions of corporations are always reducible to the actions of individuals within the corporation. It is people who adopt the goals of the corporation. It is people who make decisions. It is people who implement policy. Consequently it is people in an organization who are responsible for what a corporation does. If in the name of the corporation they lie, cheat, kill, maim, steal, they are morally responsible for these actions. The view that they are agents of an organization and that such actions, if done in their official capacity, are to be attributed to the organization and not to them, that it is the organization which in some abstract way is responsible and not the individuals within the organization, is simply a myth that should be shattered, a mistake that should be corrected, a dogma that should be rejected.

The methodological question is whether it is possible to reduce the actions of a corporation to the actions of certain individuals, to the decisions of certain others, and so on. And within a corporation it is often convenient to be able to pinpoint responsibility. From a legal point of view it is sometimes required that such responsibility be assignable. If one cannot hide behind the corporate shield to escape legal responsibility, much less can he hide behind the corporate shield to avoid moral responsibility. One does not stop being a moral entity simply because he assumes a corporate function. As a moral being one is not morally permitted to perform an immoral action, even if it is required by corporate policy or ordered by one's corporate superiors. The Organizational View is mistaken if it asserts the contrary.

But all this does not answer the question of whether corporations can be morally responsible for actions, and if so in what sense. All we have affirmed so far is that in some instances corporate responsibility can be broken down into individual responsibility, and that an individual does not divest himself of his individual moral responsibility when he assumes a corporate position. To think that this implies that he must act as if the corporation's assets are his own, that he must treat the people with whom he must deal in his official capacity as if he were dealing with them in his private capability, is to raise a false issue. It is possible to act in a corporate capacity as an agent of the corporation without forfeiting one's own moral views and responsibility and without at the same time imposing them in improper ways on the corporation. This is true in many aspects and facets of life, in which one person acts as an agent within narrow limits for another. The case of acting as an agent for a corporation does not materially change the moral status of the action of one person for another or others.

But the key distinction still remains to be clarified. I claim that in the case of natural persons the moral responsibility imputed by others and that assumed by the agent could be the same. In the case of corporations I claimed that all its actions were public and that it had no interiority. Let me press this difference further. A corporation has a public face and its public face is corporate. Its responsibility when looked at in this way, is also corporate. In dealing with other firms, in dealing with customers, in dealing with government, it always deals in its corporate mode. The corporation acts, commits itself, delivers and produces goods, abides by or breaks the law, and so on. When, from a moral point of view, we judge the actions of the corporation, we hold the corporation responsible and accountable. We are not, in most cases, either knowledgeable or particularly concerned with the individuals within the corporation.

We can take a clue here from legal responsibility. In many instances, the corporation is legally responsible for its actions. It can be sued, fined, forced to make reparations, desist from certain activities, undertake others, and so on. If the corporation is to take affirmative action, then the corporation as a whole is evaluated as to whether such action has been taken. All this views the corporations as an entity from the outside. The actions can be viewed from a moral point of view as well. If a clothing company practices discrimination or is guilty of gross exploitation, consumers might boycott its goods, bringing moral pressure on the company as a whole. Such action need not be concerned with how the corporation is structured internally. It is concerned with the external face of the corporation and the actions of that face. Where an action is considered immoral, moral sanctions, such as boycotting, might be imposed by those who feel the injustice of the practice in question. In expressing one's moral indignation in this way, one takes moral sanctions against the corporation. The aim is to affect the corporation as such, not particular individuals within it, though of course the aim is to impel those with the power

to do so in a corporation to change the corporation's practices. But if a boycott leads to reduced production and to the laying off of particular workers, though they may be seen as the ones most affected by the boycott, they are not its object. The object as such is the corporation.

By those outside the corporation moral responsibility is ascribed to the corporation as such. If moral responsibility is so defined that it must be able to be assumed as well as ascribed, and if the latter requires moral feelings, then it might be argued that moral responsibility cannot correctly be appropriately ascribed to corporations. However, as the above example shows, it seems perfectly plausible to ascribe more responsibility to corporations even if they do not have moral feelings. This is because it is proper and useful to speak of the actions of corporations, and since they affect society and its members, to evaluate those actions from a moral point of view. To ascribe moral responsibility for those actions to the corporation as a whole means that if the assignment is properly made, it is appropriate to apply moral sanctions to the corporation for those actions. To condemn its actions as immoral might motivate some of those within it to resign; it might encourage those outside the corporation not to buy its products or otherwise deal with it, and so on. Hence moral responsibility should not be defined so narrowly as to require that moral feelings be possible on the part of those to whom it is ascribed.

We should be clear, however, that in ascribing moral responsibility to a corporation we are ascribing it to an entity and so we are involved with the ascription of individual, not collective, responsibility.

The methodological individualist draws our attention to the fact that though a corporation acts, it only acts insofar as individuals within it act. It cannot act independently of the individuals within it. But to say that the corporation acts or that it incurs responsibilities is not the same as saying that one can always reduce these to specific individuals within the corporation. If a corporation is to meet its responsibilities, then someone within the corporation must do something. Those within the corporation know this. Internally there may be organizational structures which assign responsibilities and functions. It is possible that everyone within a small corporation is authorized to do everything, and that the corporation can incur obligations by any one of them committing the corporation. It is then the responsibility of all of them to take the appropriate action, which perhaps can be discharged by only one of them taking certain action.

One difference between the moral responsibility of a natural person and of a corporation is that in the case of the natural person the one who incurs the responsibility, the one to whom responsibility is assigned by others, and the one who can and should assume the responsibility can all be, and typically are, the same individual. This is not the situation in the case of corporate responsibility. Moral responsibility can be assigned to the corporation by others who look at it from the outside as an individual agent. But from the inside the corporation does not have the unity of a natural person, and for it to act individuals within it must act.

From within, how is moral responsibility assigned, imputed, and assumed? The first reply is that it may not be. A corporation can be forced by the power of the state to obey its laws. Those within the corporation know this and react accordingly. But from within those who work for a corporation know that they are not legally bound to be moral, providing the corporation's immoral behavior is not illegal. This is the position of the Organizational View, which rejects the moral ascription from outside and so consistently does not bother with it from inside.

But this situation is no different from individual moral responsibility. For if others ascribe moral responsibility to a natural person, the individual himself need not acknowledge or assume such responsibility. He may differ with them about the appropriateness of the ascription, or he may simply be a-moral. Those who agree with the imputation can impose moral sanctions. But these may not be able to force compliance, much less internal assumption of the imputed moral responsibility. In the case of corporations, the fact that those within it may not acknowledge or assume the moral responsibility imputed to it by others proves little. However, if members of the moral community admit that *x*, e.g., theft, is immoral, and if they wish to be consistent, they should admit that it is immoral for the corporate as well as for natural persons.

But who within the corporation is responsible for assuming the moral responsibility of a corporation correctly ascribed to it from outside? To answer this question we should look more closely at how moral responsibility can be ascribed from without and assumed from within. A corporation is a single entity for purposes of external action. That is its external face. But from within it is a collection of individuals, each of whom fills certain positions within an organizational structure, and each of whom has certain functions related to the corporation's internal activity. Those outside can sometimes appropriately pierce the external shield of a corporation to ascribe responsibility to those within it, though most frequently they do not. Those within the corporation can assume the responsibility of the corporation jointly or can themselves divide it up. In the latter case, however, failure of some individual within his area of responsibility to do what he should will not usually excuse the corporation from discharging its responsibility. Some or all of those within the corporation therefore may have not only particular primary responsibilities but also the second-order responsibility to see that others within the corporation act appropriately; and if the latter fail to do so, the former nonetheless have the responsibility of fulfilling the corporation's commitments. The assigning and assuming of responsibility within the corporation can properly raise questions of collective responsibility, while the ascription of responsibility to the corporation, if viewed only from the outside, can properly be treated as the ascription of individual responsibility.

Corporate moral responsibility thus raises two different kinds of problems. The first is the appropriateness of the external ascription of moral responsibility to it. But this does not involve any problem of collective responsibility because such externally ascribed responsibility concerns the corporation as an entity. The problems raised here come from the corporation's being a kind of entity which is not a natural person. The problem of collective responsibility becomes a problem with respect to a corporation only when viewed from within. Viewed from within, moreover, the collective responsibility of a corporation is a specific kind and differs from other kinds, e.g., that of a random collection of individuals, or that of a non-freely organized and joined group or organization, e.g., a nation, a family, or a race. One cannot dissociate oneself from the latter three in the way one can from freely joined organizations, including corporations. The internal ascription of responsibility may be made either by those outside or by those inside the corporation.

Now consider five different ways of internally assigning responsibility for corporate actions. We can consider them five models. We can first consider two models of the corporation in which moral responsibility is not internally assigned to the corporation as such but the moral responsibility externally imputed is assigned to or assumed by individuals within the corporation. This model might be adopted by the methodological individualist. The actions of a corporation are here reduced to the individual actions of the members of the corporation. On the first model, each individual is assigned and/or

assumes the full responsibility assigned to the corporation from without. This model may be modified to produce a variant in which full responsibility is internally assigned to or assumed by only those who play an active role in the action in question. Thus, if a corporation decides to move out of a town paying no attention to what such an action will do to its workers and to the town, the corporation's action might be judged to be immoral. Internally that decision may be one for which each member of the board of directors, for instance, is held fully responsible, though each cast only one vote out of many. Even if a member voted against the action, if it was taken by the board and implemented, and if he did not dissociate himself by resigning, then he bears full responsibility for the action. If the action is immoral, each bears full moral responsibility for it. The responsibility here is collectively held fully by each individual.

The second model is similar to the first, but it assigns only partial responsibility either to all the members of the corporation or, as a variant, only to those involved in any decision or action taken by a corporation. Thus if a board decides on the issue above, and each person casts only one vote, and if ten votes were required for a motion to pass, each person who voted for it would bear a proportional amount of responsibility, the proportion being divided by the number of affirmative votes. This view wishes to take into account that no one individual acting alone took the decision and that no one individual acting alone could have passed the motion. It was truly a joint action, and must be treated as such. To call it a joint action is to acknowledge joint and partial responsibility, which in this case means dividing it among all those who took part. Those who voted against the measure but did not resign when it was passed may or may not be assigned responsibility on this model. Both variants are possible. If responsibility is internally assigned to them (and/or assumed by them), it may be less than the responsibility assigned to (and/or assumed by) those who voted affirmatively. There are thus several variants of the second model.

The above two models break down all corporate responsibility into individual responsibility. In the third model, the corporation is held fully responsible for its actions as well as all the individuals involved in it, with individual responsibility assigned as in model one above. Thus, for instance, a worker in a corporation who had no part in making a decision which leads to the immoral action on the part of a corporation judges the corporation to have acted immorally as well as imputing responsibility to those who made the decision. Does he have, he may ask, the moral obligation to leave a corporation which acts in this manner? Should he assume some responsibility for the corporation's action simply because he works for it and thus helps enable it to act immorally? This way of looking at the moral responsibility of those within a corporation is different from considering the immorality of a corporation's actions to be reducible to those making the decision.

The fourth model is full corporate responsibility with individual responsibility assigned as in model two.

The fifth model assigns responsibility for corporate actions only to the corporation as such, not to any of the members in it individually. This model concedes that corporate actions are not simply the sum of individual actions but that they are actions attributable to the corporation, a separate entity which exists over and above its individual members. The individual members are mortal and replaceable. The corporation is not a fiction, but an organization and a continuing legal person, with a history, traditions, typical ways of acting, rules that govern its behavior, standards which may not be the making of any of the individuals presently employed by the company or by any of its present owners, and so on. If moral responsibility had to be accepted, this would be the model the Organizational

There are obviously other models. One would hold, for instance, that moral responsibility is to be only partially imputed to a corporation, though fully to its members. Another might hold a corporation morally responsible for its actions only if the persons in the corporation who caused them were still employed in the same positions. But neither of these nor other possible models seem particularly plausible or have any defenders I know of.

There are also mixes of the models within the corporation. All the actions of the company might be considered the responsibility, moral as well as legal, of the board of directors. If they do not have knowledge of and control over all that the company does, they are nonetheless responsible for all of its actions. Another view would put the onus on management rather than on the board. If the full responsibility is held by these people either from an external or an internal point of view, they could still hold those below them either fully or partially responsible in certain areas. Another view would put, perhaps naively, ultimate responsibility on neither managers nor the board but on the owners of the corporation, on the shareholders, who in fact are the ones penalized if the corporation, for instance, is fined and the corporation cannot pass on the fine either to the public in higher prices or to the workers in lower wages.

If my argument thus far has been correct, then it is appropriate to judge the actions of corporations from a moral point of view and to ascribe moral responsibility to a corporation. If correctly imputed, it should be morally assumed. Since the corporation acts only through its members, it can be assumed by them and I have indicated various ways this can be done. Once the responsibility of the corporation and for the corporation is assumed, this can generate responsibilities internally for certain individuals to act in certain ways. Those responsibilities may also be variously distributed. Corporate responsibility can be seen, therefore, as a type of collective responsibility when viewed from within, and it may operate in a variety of ways.

I take these conclusions to be important ones in answer to the question of whether collective responsibility makes sense, and to the question, if it does make sense, of what it means in the case of corporations.

There are a group of other problems which remain. Which of these models is correct, it may be asked? How are we to decide among the models of collective responsibility as applied to corporations? Who *really* has moral responsibility for corporate actions?

Once again we can turn to law for a clue. In some recent cases the courts have come to feel that fines against corporations, even if the fines are large, are not as effective a way of policing corporate activities as the courts would like. For the fines can in some instances be passed off onto consumers. If this is not possible, then frequently the shareholders, who may have had no knowledge of the activity in question, suffer the consequences. Judges, courts, and legislatures have therefore found it advisable in some instances to hold members of the board legally liable for the actions of the corporation. The theory is that if those who make the decisions are held liable for them personally, if they will go to jail for illegal actions, they will be more careful not to engage in illegal practices than if the penalty for such action is simply a fine paid by the corporation from its assets. What the company gains from its illegal actions might even be worth the price of the fine. It is less likely to be viewed by a board member as being worth a personal term in prison.

Even if legal responsibility were assigned only in these ways, it is clear that once a company is fined or found guilty of some illegal action it is possible for some companies in at least some instances to internally pinpoint responsibility and perhaps fire the person in question, or remove him from his position. If a company finds that it cannot pinpoint responsibility, it may, if it wishes to be able to do so, take measures to reorganize the lines of responsibility so that responsibility can be assigned. This is likely to happen, for instance, in those cases in which board members or managers are held responsible for the actions of all those under them.

Now the point to which I wish to draw attention is that in answer to the question of who really has legal responsibility, we must go to the laws and to specific interpretations, and we learn that legal responsibility can be and is assigned in a variety of ways. It can be assigned to the corporation as well as to members within it or only to members within it. The assigning of responsibility in each of these ways carries with it appropriate penalties for violation of the responsibility, penalties which fall either on the corporation or both on the corporation and on individuals within it, or only on individuals within it. In answer to the question, but which one of these is proper, the response is that all of them are, if they fulfill the function they are intended to fulfill. Laws have certain purposes, and if they are to control in certain ways the actions of corporations and of people within corporations, then they are effective insofar as they fulfill their aims. There is no one correct way of legally assigning responsibility with respect to corporate activity, despite the classical statement of Chief Justice Marshall about the nature of the corporation. This itself, since it is an act of law, might be modified and changed, so that the corporation might be given more or fewer legally recognized attributes. The question of how many of the freedoms of natural persons corporations should enjoy is a question that many recent court decisions have been concerned with. But the answer is in part one that must be decided--decided for good reasons, to be sure--but decided. It is not a matter of somehow seeing, in some arcane sense of seeing, which freedom the corporation really has.

Now I suggest that the situation is similar with respect to the moral responsibility of corporations. That a part-time janitor working for a corporation should be held fully morally responsible for the immoral actions done by that corporation may sound extreme. In most cases it undoubtedly would be an extreme view. But in others, if the actions of a corporation are truly morally heinous, and if working for the company in any way is to condone its actions, then the janitor might be held morally responsible for the company's actions. But obviously we would like to know what it means to hold someone morally responsible, and what it means to hold a company morally responsible, and what it means to hold both the company and its employees responsible, and so on; and we would want to know what difference it makes if we hold the company but not the employees responsible, and vice versa, and so on through the list of possibilities. Those within the corporation can raise parallel questions. If the janitor is morally responsible we might expect him, on realizing this, to quit. If the manager is morally responsible we might expect him, on realizing this, to change the corporation's policies, assuming it is possible for him to do so. Ascribing responsibility and assuming it might imply responsibility to act in differing ways, depending on one's position.

Those who argue against the notion of collective responsibility frequently argue against versions of it which they feel are extreme or which lead to injustice. To hold a whole race morally responsible for what some of its members did and in which they had no part might in fact be unjust. And if guilt by association is taken to be an integral part of collective responsibility, this might be a good reason for not adopting such a notion. But neither of

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these interpretations of what it means to speak of collective moral responsibility need be dragged in with the concept, nor need a great many others.

The notion of collective responsibility is a fuzzy one because it can be interpreted in so many different ways. Our moral intuitions are frequently not clear when we are asked to decide who really is responsible for some action taken by a corporation and which of the models really applies.

The thrust of my paper on this point by now, however, should be clear. There is no one sense of moral responsibility which we must discover and in discovering it find whether there is collective moral responsibility and where and how it applies. Morality is a social institution. This does not mean that it is arbitrary, nor necessarily that it is conventional in some narrow meaning of that term. But moral responsibility, just as other moral terms, can be clarified. The clarification should start with some basis in common moral experience. But the concept may well have to be reformulated, more accurately stated for certain purposes, its implications spelled out and evaluated. This is, in fact, the approach that I think should be taken with the notion of collective moral responsibility.

I have outlined several different approaches which might be taken to the moral responsibility of corporations as viewed from within. I believe that each of them is appropriate at certain times and for certain purposes. I have given the example of the janitor at one extreme. If a board decides that the proper corporate action to take involves the elimination of the executive of the competing corporation, and if this decision is implemented, it is fairly clear that both those who actually carry out the murder and all who took part in the decision are guilty of murder. Each is fully guilty, even though each had only one vote. On some other issue for some other purpose it is more reasonable to say that some people are less guilty of a corporate action than others.

There seems to me no need to say that there is one and only one proper, correct, meaning of collective responsibility or that the concept can only be correctly applied in one way. It admits of a variety of applications. There is room for disagreement as to which model should be applied in certain specific cases. Where this is so I suggest that we analyze the situation, see the results of applying the notion this way or that, consider the results of adopting this interpretation or that, take into account the consequences of adopting one rather than another here or there, see if other interpretations are needed, which can be best justified in the given case, which make more sense, whether any make sense at all and what difference it makes if we adopt or employ one rather than the other.

I started by saying that little had been done in the way of analyzing the notion of collective responsibility. What I have attempted to do here is to give a broad sketch of the kind of analysis I think should be done. With respect to corporations in particular, the problem is a pressing one. My own view is that the actions of corporations, just like the actions of individuals, can be morally evaluated. Where they do more harm than good, they can and should be morally condemned. The corporation, since it is a legal creature, is a creation of society which society can do away with, modify, and control in a variety of ways.

Society, in my view, should not accept the thesis of the Organizational View that the agents of the corporation and the corporation cannot be morally evaluated. They can and should be, since they affect the lives of the members of society and the society as a whole.

Where corporations are so structured that it is difficult for anyone to know whether he is responsible for any particular action or where it is difficult to pinpoint responsibility, I believe that it should be reorganized so that individuals can know what they are responsible for and so that others can hold them responsible for it. Within the organization I would expect that the moral level of corporate activity would probably rise, if this were the case. If the individual moral responsibility of those within the corporation were clear and if their moral decisions were respected, then the overall result would be that there would be moral pressure brought to bear within a corporation so that each of those involved in decisions concerning the corporation would consider the actions of the corporation and their own participation in those actions from a moral point of view.

If members of corporations worried about the moral appraisal of the corporation on the part of others, and responded to moral pressures, if moral reasons were accepted as a defense of a corporation's actions by its shareholders in explanation of a reduction in profits, if the assigning of corporate moral responsibility could influence the actions of others vis-a-vis that corporation, then I think an important part of the justification for the general use of the concept would be given. There would further be need to specify the conditions under which such responsibility was appropriately ascribed. Immediate effectiveness would not be the only test. For surely it is appropriate to express one's moral indignation, to pass a moral judgment, or to evaluate some action from a moral point of view without expecting that such indignation, judgment, or evaluation will have any specific result on others, or even that it has to be made known to others. But a morality which consisted only of such internal judgments, which had no social aspect and accompanied no social practices would not be what we generally mean by morality.

Moral ascription of responsibility within a corporation could come initially from either those inside or those outside the corporation. Some members within the corporation might also assume moral responsibility for the corporation's actions even if others do not and if such responsibility is not explicitly ascribed by anyone outside of it. Who should assume moral responsibility within the corporation and how much such responsibility should be assumed should in most cases be a matter for those within it rather than outside it to decide, even if guidelines can be stated and be generally accepted. But, if, as I have argued, the moral responsibility of corporations makes sense, then the question of internal collective responsibility can be fruitfully pursued. It is only when viewed from within that a corporation's responsibility is a form of collective responsibility, and it is only when assumed in some way or other by natural persons within it that the full moral dimension of a corporation's moral responsibility can be met.

University of Kansas

NOTES

¹See D. E. Cooper, "Collective Responsibility," *Philosophy*, XLIII (1968), pp. 258-268; Joel Feinberg, "Collective Responsibility," *The Journal of Philosophy*, LXV (1968), pp. 674-688; Virginia Held, "Can a Random Collection of Individuals Be Morally Responsible?" *The Journal of Philosophy*, LXVII (1970), pp. 471-481; H. E. Lewis, "Collective Responsibility," *Philosophy*, XXIII (1948), pp. 3-18; and W. H. Walsh, "Pride, Shame and Responsibility," *The Philosophical Quarterly*, XX (1970), pp. 1-13. See also Peter French ed., *Individual and Collective Responsibility: The Massacre at My Lai* (Cambridge, Mass.: Schenkman Publishing Co., 1972), which contains some of the above mentioned essays in reworked form, as well as some other essays.

²Chief Justice Marshall, *Dartmouth College v. Woodward*, 4 Wheat. 518.636 (1819).

³See, among others, Herbert A. Simon, *Administrative Behavior*, 2nd ed. (New York: Free Press, 1965); Peter M. Blau and W. Richard Scott, *Formal Organizations* (San Francisco: Chandler Publishing Co., 1962); and David Silverman, *The Theory of Organizations* (New York: Basic Books, 1971).

⁴Mr. Justice Rehnquist, dissenting, *First National Bank of Boston vs. Francis X. Belloti*, No. Us 76-1172 (1978).

⁵See John Ladd, "Morality and the Ideal of Rationality in Formal Organizations," *The Monist*, LIV (1970), p. 500.

