

Chapter 8

The Ethics of Corporate Legal, Ethical, Moral, and Spiritual (LEMS) Responsibility

Executive Summary

Ethics is fundamentally a science of social and collective responsibility. Ethics concerns human behavior as responsible or accountable. Because of the nature of social interaction, certain members of the society will bear greater authority, and hence, greater individual and social responsibility than others. In our world, personal responsibility and social responsibility are hardly separable. Personal responsibility becomes responsibility for the world because the person and the world are inseparable. In this chapter, we use the term responsibility from a legal, ethical, moral, and spiritual (LEMS) standpoint as some promise, commitment, obligation, sanctioned by self, morals, law, or society, to do good, and if harm results, to repair harm done on another. Hence, responsibility from a moral perspective is trustworthiness and dependability of the agent in some enterprise. Its inverse is exoneration – the extent to which one is excused from commitment and repairing the harm done to others by one’s actions. We apply the theories and constructs of executive responsibility to two contemporary cases: (1) India’s Super Rich in 2014 and (2) the Fall and Rise of Starbucks. After exploring the basic notion of responsibility, we present a discussion on the nature and obligation of corporate responsibility into three parts: Part I: Classical Understanding and Discussion on Corporate Responsibility; Part II: Contemporary Understanding and Discussion on Corporate Responsibility, and Part III: A synthesis of classical and contemporary views of responsibility and their applications to corporate executive responsibility.

Case 8.1: India’s Super Rich in 2014

Note: This case includes researched facts from the *Business World Report* (*Business World*, July 14, pp. 42–101) that BW publishes every year. It is a vigorous, incisive, and accurate exercise carried out by BW. The standards for research and accuracy levels were further upped this year as BW

partnered with Motilal Oswal Financial Services (MOFS) for numerical and spreadsheet support. The first step taken was to scan through a list of about 37,000 strong promoters of 4,000 listed companies, which included multinational companies (MNCs) and Indian Public Sector Units (PSUs). Cross holdings of promoters across various companies were also taken into account. The net worth of promoters was calculated by multiplying the number of shares held by the promoters with stock price on March 31, 2013, and March 31, 2014. Although utmost care would have been taken by BW in making the Super Rich list of 2014, inherent constraints like unclear shareholding patterns, number fatigue, and poor disclosure standards by corporates can introduce a certain margin of error. There was also a report on the Wall Street Journal about the spending habits of India's Super Rich. While the common man waited for good times to return, India's Super Rich were on a spending spree. The report stated that the number of Indians worth of US\$4.2 million or more went up by 16% as compared to the previous year. The Super Rich are moving out of their comfort zones and spending in areas like private equity, exotic food, and even space travel. More than 150 Super rich Indians interviewed by Kotak last year increased their spending on average (as opposed to saving and investment) to 49% of their income, compared to 30% for the year before.

While the 2013–2014 financial year saw the Indian economy slowing to a crawl, it was terrible for the employees across the board and was a very good year for Indian billionaires, as the *Business World 2014 Super Rich* survey revealed. Between April 1, 2013, and March 31, 2014, the stock market was on steroids – the BSE Sensex shot up 18.67% and the NSE Nifty rose 17.53%. Many of the Indian billionaires saw their net worth rise even faster than both indices. The stock market boom created a record number of new rupee and dollar billionaires, even though the rupee–dollar exchange rate has been hovering between Rs. 55 and Rs. 60 during the same 2013–2014 fiscal year. The collective wealth of India's 500 odd Super Rich, with at least 100 crore in stock value, grew 22% from Rs. 18 lakh crore in FY 2012–2013 to Rs 22 lakh crore by March 31, 2014. India has one of the highest shares of Super Rich people in the world. India has the highest share of poverty and destitution too.

At today's prices, the wealth will be substantially higher this year as both Sensex and Nifty indices have risen (as of June 15, 2014) by 12.39% and 12.22%, respectively, since April 1, 2014. Also, since April 1, 2014, the markets have risen sharply, presumably owing to great expectations that the Modi government will herald a new era of rapid growth and development. Many market watchers are predicting a multi-year bull run, unless some unforeseen circumstances can trip it up such as poor monsoons, uncontrollable food inflation, and slippages in fiscal discipline.

Some promoters did extremely well. For instance, Chairman, Adani Group, Gautam Adani's wealth rose to meteoric heights with Narendra Modi's 13-year reign in Gujarat, where most of Adani's big projects,

including the port and the power plant, are located. From the time Narendra Modi was announced as the BJP's prime ministerial candidate on September 13, 2013, until March 31, 2014, Adani's market cap rose 73% – the highest among his category in the last six months. During FY 2013-2014, his market cap has arisen by 54.42%, his wealth crossing Rs 70,000 crore. Since April 1, 2014, to June 18, 2014, it has gone up another 26% to Rs 88,200 crore!

The FY 2013–2014 was a drought year for IPOs. Of the only 38 companies that raised capital via IPOs during this year, 37 were “mini” public issues on BSE, NSE, and SME platforms. The lone main board IPO was floated by Justdial, a search engine business, with VSS Mani as its promoter. The company debuted in June 2013 at a list price of Rs 590 a share with an offer price of Rs 530 (quoting at an 11.32% premium to the offer price). Justdial floated 1.74 crore shares and raised a capital of Rs 919.1 crore from retail and institutional investors. The current (June 15, 2014) price is Rs 1,400 apiece, and Justdial's market cap has surged to Rs 9,900 crore. VSS Mani owns 33% of the stake and has earned a promoter wealth of Rs 3,597 crore – another first time rupee billionaire in 2014 (see *Business World*, July 14, 2014, pp. 64–65).

India's richest household, Mukesh D. Ambani and Family increased their wealth by Rs. 22,874 crore (20.2%) to stand at Rs 1.36 lakh crore. How did he create this wealth? His flagship Reliance Industries Ltd (RIL) recorded great performance. While the refining business delivered the highest ever profits, earnings from petrochemicals rose on account of margin expansion across polymers and downstream polyester products. The Ambanis also made new investments in shale gas which garnered Rs 363 crore in profits (EBITDA). Recently, Mukesh has also invested Rs 18,000 crore (about US\$3 billion) on buying 4G spectrum to create a sizeable telecom vertical – Reliance Jio. RIL has already signed agreements with sectoral rivals Bharti Airtel and Reliance Communications (his brother Anil Ambani owns this). Reliance Jio has won a unified license for all 22 service areas across India for voice telephony and high-speed data services.

Ethical Questions

- (1) Discuss the ethics of legitimate wealth enrichment processes and outcomes at the individual level. Do they safeguard maximum benefits over costs, or maximum rights honored over duties violated, for the largest group of stakeholders? Discuss.
- (2) Does wealth maximization stimulate extravagant consumption of luxury in an otherwise poor country? Discuss.
- (3) Discuss the ethics of legitimate wealth accumulation processes and outcomes at the collective country level. Does it safeguard maximum benefits over costs, or maximum rights honored over duties violated for the country? Discuss.

- (4) Similarly, discuss the ethics and morality of wealth accumulation in the hands of very few promoters in India.
- (5) When can individual wealth aggrandizement outcomes be ethical and beneficial to the country, and why?
- (6) When can individual wealth aggrandizement outcomes be unethical and harmful to the country, and why?
- (7) Besides being philanthropic, how can the rupee or dollar billionaires of India mobilize their wealth to evenly spread job, income, and wealth opportunities across the board in India?
- (8) Discuss the role of creativity, imagination, innovation, and risk-taking venture in creating individual wealth ethically and morally, both individually and nationally.
- (9) Explore some ethical ways of creating wealth for the “bottom of the pyramid” in India.
- (10) What is the legal, ethical, moral, and spiritual (LEMS) responsibility of the Super Rich in India?

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Case 8.2: The Fall and Rise of Starbucks Coffee Company

As of March 2013, Starbucks operated 20,891 stores (ownership and franchises) in 62 countries, including 13,279 in the United States, 1,324 in Canada, 989 in Japan, 851 in the People's Republic of China, 806 in the United Kingdom, 556 in South Korea, 377 in Mexico, 291 in Taiwan, 206 in the Philippines, 179 in Turkey, 171 in Thailand, and 167 in Germany. On March 30, 2014, with total stores 20,519, Starbucks featured in Fortune 100 Best Companies to work for (CNN Money, 2013).

The product line of Starbucks includes more than 40 blends of coffee, hot and iced espresso beverages, baked pastries, sandwiches, and salads. Starbucks' major strength is its single flavor but with 40 diverse coffee beverages (e.g., traditional brew, espresso, Frappuccino). All coffee beverages are made from highly trained coffee Baristas, ensuring consistency in the quality of coffee across all product lines and across the globe. Specially trained employees make the Starbucks unique experience of coffee very enjoyable and memorable. Thus far, there has been low employee turnover in Starbucks, which makes customer service consistent and dedicated, regardless of store location. Customers feel appreciated and respected when entering a Starbucks environment.

In the US, Starbucks is facing stiff competition from Dunkin Brands. Dunkin Brands has solid presence in the northeastern United States; it has a large number of successful brands under its umbrella, out of which Baskin-Robbins is the market leader. But Dunkin Brands' key growth driver is its Specialty Coffee sales. Specialty Coffee enjoys great margins and also enjoys increasing demand among coffee loving populations. However, recently, Starbucks seems to have turned around and expanding aggressively, as its brief history suggests.

A Brief History of Starbucks

Starbucks Coffee Company was founded in 1971 and opened its first location in Seattle's Pike Place Market. By 2007, the company became the world's leading coffee retailer, roaster, and brand of Specialty Coffee house in North America, Europe, Middle East, Latin America, and the Pacific Rim. No one else was offering what customers were seeking – a high-quality coffee, individualized service, and a comfortable coffeehouse atmosphere. From a few dozens of stores in 1992 when Starbucks went public, the coffee bar giant has grown exponentially.

Actually, by the end of 2008, Starbucks had 16,875 locations worldwide, with 11,537 locations in the US alone. The company began opening its stores following new housing developments into the suburbs and exurbs, where its outlets became pit stops for real estate brokers and their clients. It also carpet-bombed the business districts of large cities, especially the financial

centers, with nearly 200 outlets in Manhattan alone. Fueled by the capital markets, during 2007–2008, it opened an average of six stores a day! Starbucks appeared determined to have as many locations as McDonald's in half the amount of time! Since its IPO in 1992, its stock price appreciated close to 6,000% by 2007!

In 2014, it opened its 1,000th stores in China and Japan. The same year, it announced collaboration with Oprah Winfrey to co-create Teavana® Oprah Chai tea. It also announced the *Starbucks College Achievement Plan* to help thousands of US Starbucks employees complete their education. Starbucks is bringing its evening menu (available after 4 p.m.), including beer and wine, to thousands of stores nationwide.

Industry Structure

Starbucks belongs to the restaurant industry. The latter includes some 500,000 restaurants in the USA with combined annual 2008 revenues of almost US\$400 billion. Major companies include McDonald's, Yum! Brands (e.g., KFC, Pizza Hut, Taco Bell), and Darden Restaurants (Olive Garden, Red Lobster). The restaurant industry is highly fragmented – the 50 largest companies hold just about 20% of the market. Large companies have advantages in purchasing, centralizing, finance, and marketing. Smaller units do better on food and service. The industry is highly labor-intensive, with annual revenue per employee/worker varying from US\$40,000 to US\$45,000. Independent restaurants could easily take about 18 months to be profitable (RestaurantOwner.com).

Some innovative fast-food companies are growing exponentially: McDonald's is at top for quick bites, commanding about 12% market share among fast-food purchases. Chipotle Mexican Grill and Subway nearly tie for second place, with about 6 percent share each. Followed by Yum! Brands' Taco Bell, Wendy's and privately held Chick-Fil-A, which all score around 4% of the market.

Trends like demographics, consumer tastes, changing palates, dietary preferences, and personal discretionary income levels drive restaurant demand. Sales are slightly seasonal and peak during summer. Consumer price sensitivity can be a major factor for demand. The US Consumer Confidence Index (CCI) for November 2008 was the lowest it has been since April 1980. About 75% of CCI survey respondents believe that economic conditions will not improve in the near future. Hence, restaurants can expect discretionary spending to be soft for the coming months. Bad weather can depress sales throughout the year. Receivables are low since most customers pay with cash or third-party credit card (in case of business clients) or personal credit cards. Credit card fees are 1–3% of sales.

Many restaurant ingredients are perishable; hence, most companies keep low inventories. Gross margins are about 60% of sales. For diners, cost

accounting is important – as the profitability of individual dishes can vary significantly. Chain restaurants in the USA are introducing new menu items to bolster sales in a tight economy. October 2008 alone saw 547 new menu items, a 40% increase over the monthly average of 2008, according to *Technomic*, a foodservice consulting firm.

Meanwhile, Starbucks seems to be inflexible. It charges too much. It is inflexible in terms of its premium locations. Starbucks charges the same price for their products whether in LA or in Beijing. In Israel, Starbucks is having a hard time, as it has to maintain kosher standards. It has a frozen business plan formulaic that is highly centralized, and Starbucks rarely customizes or localizes its products to international challenges. Presumably stuck by its own coffee farms, Starbucks offers only one flavor of coffee (but in 40 different beverages ranging from traditional brewed coffee to espresso and Frappuccinos). The lack of flavor selection has bothered its domestic and foreign customers. Meanwhile, new competition (e.g., Peet's; Coffee Bean) has arisen with multiple coffee flavors. Whereas competing companies (e.g., Dunkin' Donuts, McDonald's) have diversified, Starbucks has not. Its plain vanilla format, particularly in suburbia, makes it difficult to justify the premium its customers pay relative to independent coffee houses, local coffeehouse chains, and even McDonald's and Dunkin' Donuts (Favaro, Bomberger, & Meer, 2009, p. 68).

Coffee beans are a major expense for Starbucks, and the company purchases premium coffee beans traded above commodity coffee prices. In 2004, Starbucks established the Starbucks Coffee Agronomy Company, a wholly owned subsidiary located in Costa Rica, to ensure company's continued role in the Central American coffee industry. Despite this, Starbucks could not insulate itself from the reality of world coffee fluctuations. Coffee prices in 2008 were higher by 20% compared to 2007. Coffee beverage sales of Starbucks have been averaging 66% of its total revenues, while food sales averaged at 14%, equipment sales at 11%, and whole bean coffee sales at 9%. Starbucks is also a major consumer of dairy products, and dairy prices were up by 10% in 2007.

Ethical Questions

- (1) In general, discuss the ethics of outdoor dining in the context of social exclusivity of those who can afford it.
- (2) In general, discuss the ethics of the culture of fast-food restaurants in the context of more organic and healthier homemade meals and fellowship that strengthen family solidarity.
- (3) Discuss the ethics of Starbucks in overextending its capital resources by over-expanding both domestically (USA) and abroad.
- (4) Starbucks wanted to increase faster and bigger than McDonald's in half the time. Is growing bigger and better always moral? Is aping McDonald's in this context healthy competition?

- (5) Its recent over-expansions ended up locating stores too close together and cannibalization raged. Starbucks misjudged the risks of planting stores close to each other leading to decline in store sales. Discuss the ethics of establishing Starbucks stores so close together in the context of cannibalization.
- (6) Starbucks desecrated its original unique Starbucks coffee image by adding commoditized products like over-the-counter food, thus instantly eroding its brand and uniqueness. Discuss the ethics of this commoditization as a brand-deception strategy.

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8.1. The Ethics of Executive Moral Responsibility for Corporate Decisions and Outcomes

“Each of us has the capacity to make business not only a source of economic wealth, but also a force for economic and social justice. Each of us needs to recognize and use the power we have to define the character of our enterprise, so they nurture values important to our society. Only then will each of us know full rewards that a career in business can yield. Only then will business achieve the true potential of its leadership. Only then will business fulfill its obligation to help build an economy worthy of a free society and a civilization worth celebrating.” (Walter Haas, Jr., ex-CEO of Levi Strauss & Co.)¹

Each of us is responsible for each other, the world, and ourselves. Ethics is fundamentally a science of social and collective responsibility. Ethics concerns human behavior as responsible or accountable. Because of the nature of social interaction, certain members of the society will bear greater authority, and hence, greater individual and social responsibility than others. In our world, personal responsibility and social responsibility are hardly separable. Personal

responsibility becomes responsibility for the world because the person and the world are inseparable. In a fast morally deteriorating world such as ours currently, we all bear an obligation to contribute to and purify the moral understanding of ourselves, our society, and our social world. One of the principle functions of normative ethics is the guidance of human choice and activity. Ethics not only deals with protecting values and meeting human needs; it also attempts to guide us about how we should act, what we should do, and what we should avoid if these human values and human needs are to be fulfilled (Rehrauer, 1996, p. 232). This chapter focuses on moral corporate social responsibility for executive outcomes.

Human behavior is a matter of feelings and emotions, actions and attitudes, and beliefs and values. Actions, attitudes, beliefs, and values can be assessed as right or wrong, and finally described as “good” or “bad.” This assessment is based on: (1) when the total intention of the person concerned is taken into account (deontology); (2) when the consequences of such actions, attitudes, beliefs, and values are assessed in terms of benefits and burdens on self and society (teleology); (3) when benefits and burdens are evenly distributed among all people affected by these actions, attitudes, beliefs, and values (distributive justice); and (4) when procedures and structures are in place when (1), (2), and (3) are not realized (corrective justice).

8.1.1. *What is Responsibility?*

As its etymology suggests (from Latin *respondere* = to answer, *responsabilis* = requiring an answer), the most obvious meaning of “responsibility” is accountability, being answerable to one’s behavior. Simply stated, responsibility means to be accountable for one’s actions; that is, to take ownership of one’s actions and their good and bad outcomes, to accept praise for the good and blame for the bad consequences, and be ready to compensate for the harm, if any, resulting from the bad consequences.

The term “responsibility”² has several synonyms: accountability, answerability, imputability, liability, duty, and obligation. Long before the word was introduced into philosophical ethics, philosophers spoke about it when they argued about the manner in which a person could be considered the author of one’s own actions. Presently, the term responsibility is applicable to persons, institutions, and opinions. Thus, one speaks about responsible people, responsible governments or societies, responsible corporations and institutions, and even, responsible economic views or estimates.³

We next present a discussion on the nature and obligation of corporate responsibility from three perspectives: Part 1: Classical Understanding and Discussion on Corporate Responsibility; Part 2: Contemporary Understanding and Discussion on Corporate Responsibility, and Part 3: A Synthesis of Classical and Contemporary Views of Responsibility and their Applications to Corporate Responsibility.

8.2. Part 1: Classical Understanding and Discussion on Corporate Responsibility

Aristotle (384-322 BC) treats responsibility in his *Nicomachean Ethics* (*NE*; see *Book III*, Chapter 1), a work that is often cited as the foundation for the juridical theory of culpability (Austin, 1961; Bradley, 1876; Jonsen, 1968). Subsequent treatments on responsibility are mostly further developments of Aristotelian thought. Hence, we start with Aristotle and give him adequate space he deserves.

8.2.1. Aristotle's Notion of Responsibility

Aristotle (*NE*) deals with the topic of responsibility in the context of *voluntary* and *involuntary* actions. According to Aristotle, human responsibility is a function of *voluntary and involuntary actions*. Because most corporate executive decisions and/or actions are a blend of voluntary and involuntary actions (Mascarenhas, 1995), Aristotle's theory is particularly helpful in assessing the responsibility-exoneration content of such decisions. Aristotle claimed that what makes actions voluntary or involuntary is the role factors such as "constraints," "duress," and "ignorance" (or knowledge) play in formulating and implementing actions. Aristotle argues "involuntary actions seem to be those that arise either from force or from ignorance" (*NE* [1985], p. 53).⁴ A *constraint* is a physical or psychological force brought to bear on the agent. An act done under force or constraint is one in which the initiative or source of motion comes from without and to which "the agent or victim contributes nothing" (*NE* [1985], p. 53).⁵

Involuntary actions arise from force or violence, on the one hand, or from ignorance, on the other hand. On the contrary, voluntary actions are those "that originate within the agent who has knowledge of the circumstances of the action" (*NE* [1985], p. 58). Commenting on these definitions in *NE*, Thomas Aquinas (*Summa Theologiae* (*ST*) [1964], Vol. 1, p. 175) adds: "Voluntary actions are freely done, the choice is end-driven, and the end itself is also willed [...]. Involuntary actions are a privation of the voluntary; hence they do not merit praise or blame."

Applied to a corporate decision/action, two conditions are needed for it to be suffering from "constraints" such that it can be justified as *an involuntary action* done under force:

- (1) The executive does not initiate the decision or action; others initiate it.
- (2) Once initiated by others, the executive contributes nothing to the action.

Both conditions are necessary. According to Aristotle, involuntary actions can occur in two ways: (1) under total force or violence and (2) under total ignorance. Aristotle also gives two examples of involuntary or "compulsory" actions: when someone is driven somewhere by the wind, or when one is totally under the power of other people (*NE* [1985], p. 53). The former is an example of a natural disaster, the latter, of tyranny or terrorism. Both examples imply some form

of violence. However, circumstances under both can make them voluntary. For instance, a person driven by wind can rush to take shelter or based on meteorology foresee the tornado. A person under terrorism can still resist or placate the terrorist. Hence, Aristotle adds, "Some actions that in themselves are involuntary become voluntary under particular circumstances" (*NE* [1985], p. 55).

Given this definition of a "constraint," corporate business decisions and actions rarely qualify to be categorized as compulsory actions driven by violent force. There could be some cases of involuntary strategies, however, that could be driven totally "under ignorance." Violence, fear, passion, habit, psychological and social influence, and pathological conditions may all be some forms of constraints or force. Nevertheless, they are factors that may prevent or inhibit the agent from taking the "initiative" in the formulation of decisions and in the execution of subsequent actions. The latter are best considered as cases "under duress" that we discuss shortly. Thus, passion, habit, psychological, social, and competitive market pressures cannot be routinely and justifiably invoked for rationalizing the design, manufacture, and marketing of certain addictive products such as gambling, cigarettes, alcohol, drugs, pornographic products, or violent sports, since the agents or executives willingly contribute something in these cases. For instance, Aristotle (*NE* [1985], p. 56) argued that the following conditions *do not* make an action involuntary: (1) pleasure even though compellingly pleasurable; (2) emotions or appetites, however strong; and (3) willed ignorance or ignorance without regret. Similarly, passion, habit, psychological, social, and competitive market pressures cannot be automatically or justifiably invoked for rationalizing plant closings, massive labor layoffs, mass expansions, or other organizational downsizing strategies.

8.2.2. Aristotle's Theory of Actions under Duress

According to Aristotle, actions *under duress* are undertaken because of fear of greater evils or because of something better. For example, a tyrant forces you to do something shameful; if you do, you live, if you do not, you die. Or, you throw cargo overboard in a storm to save yourself and others. Such actions, says Aristotle, are a mixture of voluntary and involuntary actions, but "taken as a whole, they are voluntary" (*NE* [1985], p. 54). They are more voluntary than involuntary since at the time they are done there could be other feasible alternatives to pursue. That is, such actions are choice-worthy (the goal of the action reflecting the occasion) and since the action originates from the person who acts. Moreover, in each case, *one could act or not act*. However, these mixed actions are "conditioned," since no one would choose them for themselves. They are done under duress and deserve no praise but pardon, especially because they are executed under "conditions of a sort that overstrain human nature, and which no one would endure" (1985, p. 55). Under such circumstances, it is difficult to decide what should be chosen under what circumstances and under what pain, price, or shame.⁶

Applied to business, at least three conditions are needed for an executive action to be qualified as "under duress:"

- The executive does not choose the action for itself, even though it may be choice-worthy.
- The executive is forced into action because of extreme (i.e., non-endurable) fear of greater evil or of avoiding some serious good.
- Though pressured into action morally or psychologically, the executive can still act or not act.

For example, when executives, under threat of being fired, are forced by their bosses to do something illegal or unethical such as receiving bribes from suppliers or distributors, hiring boss's relatives even though incompetent, exorbitant pricing in ghetto areas, or creating artificial shortages of life-saving drugs, they act *under duress*. These actions verify all three “under-duress” conditions. The best of businesses know how to act responsibly despite the worst duress or constraints. Table 8.1 summarizes Aristotelian doctrine on executive responsibility.

Referring to Case 8.2, Starbucks had its usual constraints in surviving, reviving and expanding its operations. For instance, the restaurant industry had structural “constraints” that could force actions or strategies “under duress” such as:

- **Volatile supply costs:** Unstable manufacturer prices for raw ingredients used in restaurants can significantly impact profitability. In general, commodity markets affect wholesale prices for beef and poultry, where prices can change more than 20% in a given year. Supply issues affect the cost of seafood. The wholesale price of flour, eggs, dairy products, fats, and oils can also increase rapidly and affect restaurant margins.
- **Competition:** From a broad range of businesses vying for consumer food dollars. Grocery stores and warehouse clubs (Costco, Sam's) are providing more ready-to-eat meals and sides, often at a better value than the restaurants. Moreover, convenience stores, gas stations, coffee shops, and delis sell sandwiches and beverages, cutting into restaurants' share of lunch market. Home cooking is also a competition. Restaurant meals are generally more expensive than home cooking. Reasons for eating out less include high gas prices, cheaper and healthier food alternatives at home, and higher quality of home cooked meals than fast foods. In tough economic times, most consumers may consider restaurants meals an unnecessary dispensable expense.
- **Health concerns:** Contaminated food and raw ingredients causing illnesses and death have been well publicized. Contamination through poor sanitation, worker error, and other avoidable factors can affect restaurant business significantly. The presence of E coli, mad cow disease, salmonella, avian flu, and the like can affect meat/poultry supply/demand. Growing consumer and government concerns over fat/calorie content and excessive portion size of some restaurants stir bad publicity and state-sponsored legislation. Adding green menu options (e.g., using organic ingredients, sustainable seafood, antibiotic, and hormone-free meats) can boost sales among environmentally conscious customers. Offering smaller portions (e.g., bit-size desserts, tapas, multiple

Table 8.1: Aristotle’s Theory of Responsibility: Executive Voluntary Acts, Involuntary and Under-duress Actions.

Moral Structure of Executive Acts	Executive Voluntary Acts	Executive Involuntary Actions	Executive Actions under Duress
Originating principle or passions	<p><i>Within the corporate executive; intrinsic to the corporate executive</i></p> <p><i>The corporate executive operates on one’s own accord</i></p> <p>For instance, actions done out of anger, sensual desire, or any other passions <i>originate</i> within the corporate executive; they can be resisted by the corporate executive, and therefore, are <i>voluntary</i></p>	<p><i>Outside the corporate executive; extrinsic to the corporate executive</i></p> <p><i>The corporate executive does not operate on one’s own accord</i></p> <p>For example, actions done out of violence, extreme fear and ignorance, or any other invincible constraint <i>do not originate</i> within the corporate executive; they cannot be resisted by the corporate executive, and are, therefore, <i>involuntary</i></p>	<p><i>Within and without the corporate executive; intrinsic and extrinsic to the corporate executive.</i></p> <p><i>Partly done on one’s own accord</i></p> <p>For instance, actions done out of anger, passion, competitive pressure, survival pressure, under some force, fear, and ignorance, can be partly resisted, and are, therefore, <i>under duress</i></p>
Role of the intellectual and volitional faculties	<p>Strong. The corporate executives, cognizant of their particular circumstances, and with deliberation, initiate actions over their means and ends</p> <p>Hence, actions are “human” and accountable</p>	<p>Nonexistent.</p> <p>Actions are not initiated by the corporate executive, nor deliberated over as means and ends; if they are under <i>ignorance</i>, there is low mental awareness; if under <i>violence</i>, there is no will</p> <p>Hence, actions are almost “non-human” and non-accountable</p>	<p>Weak. Actions are: partly initiated by the corporate executive, partly cognizant of the circumstances and partly deliberated over as means and ends</p> <p>Hence, actions are a blend of the human and the nonhuman, and partially responsible</p>

Table 8.1: (Continued)

Moral Structure of Executive Acts	Executive Voluntary Acts	Executive Involuntary Actions	Executive Actions under Duress
Outcomes of actions	Could result in good acts (success, virtue) <i>worthy of praise</i> , and which make us happy Or, end in evil deeds (faults, vice, harmful outcomes) that are blameworthy, to be censored, and which make us guilty and sad	Could result in good acts (success, virtue) <i>that do not merit praise</i> Or, result in evil deeds (vice, failure) that do not deserve blame, but make us sad, and invoke pity and pardon	Could result in good acts (success, virtue) <i>partly worthy of praise</i> , and which make us partly happy Or, end in evil deeds (faults, sins, vice) that <i>are partly blameworthy</i> , partly censorable, and which make us somewhat guilty and sad

flavors with smaller servings) are hot trends, according to a National Restaurant Association (NRA) survey.

- **Legal concerns:** Multiple class-action lawsuits accusing fast-food restaurants of contributing to obesity have provoked harmful publicity. The remote possibility of high-damage settlements can paralyze the food industry. Related state bans on trans-fats may require restaurants to change recipes or incur additional costs. Risks associated with serving alcohol include liability for the actions of intoxicated customers and legal consequences from serving alcohol to underage patrons. Companies that serve alcohol to underage customers may incur heavy fines and the risk of closure. Certain states have “dram shop” laws holding restaurants liable for damages caused by inebriated customers.

8.2.3. *Ignorance as a Source of Involuntary Executive Actions*

Aristotle does not detail too much about the second source of involuntary actions, which is ignorance. *Ignorance*, according to Aristotle, is a *lack of awareness of the details that make up the situation in which the agent is acting* (NE [1985], p.57). *Knowledge* is the converse of ignorance: it is conscious awareness of the details that make up the situation in which the agent is acting. Aristotle distinguishes an action “done in ignorance” from one “caused by ignorance.” Actions done in drunken stupor or in a fit of anger are *done in* ignorance (or, not in knowledge) but *not caused by* ignorance and hence, cannot be considered

as involuntary (Aristotle, *NE* [1985], pp. 56–57). The cause of the action is vice and not ignorance.

Aristotle (*NE* [1985], pp. 57–58) specifies six conditions regarding *ignorance* in a list that has become archetypal in jurisprudence and morals (Austin, 1961; Jonsen, 1968):

- (1) *Who is doing it*; e.g., one is unaware of oneself during an action.
- (2) *What is being done*; e.g., an unguarded action.
- (3) *What the action is all about*; e.g., a veiled or ambiguous action.
- (4) *With what instrument the action is done*, e.g., a concealed weapon or a fuzzy financial instrument.
- (5) *What consequences flow from the action*; e.g., one may give CPR to save someone's life that accidentally kills the person; very few outcomes of business strategies can be foreseen accurately.
- (6) *How the action is done*: when does a strategic action start, where, when, and how? Does it occur gently or harshly, and directly or indirectly, in one action or multiple actions?

Major and frequent sources of ignorance, according to Aristotle, occur along conditions 2 and 5 above. For instance, for rapid cash flow generation, a sales clerk unknowingly sells unsafe or untested products as provided by his company and/or as ordered by his boss. He may not know, for instance, who produces them (condition 1), how they became part of his charge or sales territory (conditions 2 and 6), what effects the products have on customers or users (condition 5), how the effects are brought about (conditions 3 and 4), or the extent of damage brought about by these products (condition 5).

Subsequent moralists (e.g., Thomas Aquinas) have added that the agent can also be inculpably “ignorant” of the moral quality of his or her action. In regard to this, moralists distinguish various types and levels of ignorance such as *excusable and invincible ignorance, antecedent and consequent ignorance, ignorance of law, and ignorance of fact*. All these have a bearing on the morality and moral responsibility of the act. In this context, the following distinctions are useful: (De George, 1990, pp. 89–90, 176; Velasquez, 1988, pp. 36–37, 112):

- **Excusable Ignorance:** Actual lack or failure of knowledge of either the circumstances or the consequences of the action, through no fault of one's own, before or during the action. *Example:* Ignorance of the harmful effects (e.g., asbestosis) of asbestos products when they were first manufactured and sold in the early 1950s in USA and Canada.
- **Invincible Ignorance:** Also a failure of knowledge: but no one (say, an average person of good will) was expected to know or could have known either the circumstances or the consequences of the action, before or during the action. *Example:* Ignorance of the carcinogenic effects of tobacco products some 50 years ago.

- **Ignorance of law or fact:** This is a subset of excusable ignorance. In this case, one could be ignorant of the relevant moral standard or the relevant facts about a given action. For example, a marketing executive may be sure of the *Foreign Corrupt Practices Act* (FCPA) of 1977 and the *Omnibus Trade and Competitiveness Act* (OTCA) of 1988 in the United States, but in actual practice may not know what act really constitutes a violation of either of these Acts. This is *ignorance of fact*. On the other hand, one may not know both the Acts, yet in practice believe that all bribing is wrong everywhere – this is *ignorance of law* but not ignorance of fact. In addition, one could be ignorant both of law and of fact.
- **Vincible Ignorance:** One's ignorance, whether of law or of fact, is inexcusable but correctable. For example, a marketing executive trained for foreign posting is supposed to know the FCPA of 1977, the OTCA of 1988, and the laws regarding bribing in the foreign countries he or she operates in. Such ignorance does not exonerate moral responsibility. One could even fake or manipulate ignorance: for instance, an avid cigarette smoker may stay away from doctors that warn him of the carcinogenic effects of smoking.

In general, invincible ignorance, excusable ignorance, and inevitable ignorance of law and fact can excuse moral responsibility. Vincible or faked ignorance do not excuse but heighten moral responsibility. For instance, did Starbucks have to deal with invincible ignorance?

8.2.4. *What Went Wrong at Starbucks?*

Something, however, went very wrong in 2008. The company desecrated the original unique Starbucks coffee image by adding commoditized products like over-the-counter food (thus destroying the unique Starbucks coffee aroma), drive-through windows, cookie-cutter store formats, thus reducing Starbucks to a fast-food chain. Obviously, comparable fast-food chains like McDonald's and Dunkin' Donuts started offering unique coffee flavors via newly installed coffee machines in their restaurants. Little wonder, within a few months, over 40% of Starbucks' customers migrated to McDonald's and Dunkin' Donuts, where they found better and higher variety coffee aromas at less than one-third price (Favaro et al., 2009).

Similarly, Starbucks wanted to surpass McDonald's in the number of outlets or franchises in less than half the years McDonald's took to build its empire. By the end of 2008, it boasted 16,875 locations worldwide with 11,537 in the US alone. Meanwhile, Starbucks forgot its original core product and objective of being a great coffee bar and experience. Starbucks is failing since, its market share and stock price have decreased significantly, and currently, Dunkin' Donuts and McDonald's are vigorously competing in the coffee experience market. In recent market tests, Dunkin' Donuts is #1, McDonald's is #2, and Starbucks is #3 in the coffee experience business. A misguided corporate objective could spell one's demise.

The company was long renowned for its expertise at selecting prime locations for its ubiquitous stores. For much of the last 15 years, the commercial real estate executives at Starbucks were known for their rigor in selecting locations for their stores. Besides studying demographics, Starbucks evaluated its potential locations by other specific factors such as the education level in various neighborhoods, the traffic flow on both sides of a given street, the ease by which drivers could make a right turn for their Java fix on their way to the office. Nevertheless, currently, the company has been straying from the exacting real estate science that it had perfected and that which guided it through its first expansion wave of 1992–2008. Though a flagging recessionary economy and soaring gas prices could account for at least some of Starbucks’s woes, there seem to be other major in-company problems triggering this sudden decline.

8.2.5. Aristotle on Voluntary Actions

“Since, then, what is involuntary is what is forced or is caused by ignorance, that which is voluntary seems to be what has its origin in the agent himself when he knows the particulars that the action consists in” (Aristotle, *NE* [1985], p. 58). Thus, a voluntary action is one in which the initiative lies with the agent who knows the particular circumstances in which the action is performed. Voluntary actions imply taking initiatives; they imply deliberation. Deliberation “concerns what is usually [one way rather than another], where the outcome is unclear and the right way to act is undefined. And we enlist partners in deliberation on large issues when we distrust our own ability to discern [the right answer]” (Aristotle, *NE* [1985], p. 62).

Decisions are voluntary, but not all voluntary actions are decisions (e.g., children or animals exhibit voluntary actions, but do not decide these actions). Decisions imply *deliberation over means conducive to ends*. According to Aristotle, we wish certain ends first; next, we believe in these ends as good for us, and we then choose the means to realize these ends. Decisions *make* our character and us because we can choose only those things we can do; our beliefs *define* our character; our wishes and we *condition* our character and us.

From a corporate executive’s perspective, decisions and strategies are “voluntary” when the executive:

1. *Deliberates over the ends (or various outcomes) of the action or strategy;*
2. *Deliberates over the means (or various alternatives) conducive to the ends under (1);*
3. *Initiates the action, individually or in partnership, based on the best alternatives under (2);*
4. *Is cognizant of the action circumstances under (3);*
5. *Wills the action strategy and its consequences (means or end) under (2) or (1).*

Reflecting on *Case 8.1*, there are several promoters who deliberated rightly on various means and ends, did the right things rightly, at the right time and with the right people, and hence, reaped enormous wealth increases during FY 2013–2014. These were strategic voluntary actions.

- For instance, C. Krishna Prasad, MD and promoter of Granules India, maker of active pharmaceutical ingredient (API), made a strategic decision to create a manufacturing value chain of popular APIs from powder to finished dosages, as opposed to being a contract manufacturer. Granules India is one of the few companies in the world to be present across the pharmaceutical manufacturing value chain – starting from APIs to pharmaceutical formulation intermediaries (PFIs) to making capsules to finished dosages (FDs). Granules India is a leader in several basic drugs including Paracetamol and Metformin. Granules India grew at 22% to snap over Rs 1,000 crore in revenues, while its wealth grew nearly 300%! That is, the promoter’s wealth jumped from Rs 84.76 crore a year ago to Rs 253.42 crore by March 31, 2014 (see also *Business World*, July 14, 2014, p. 58).
- Similarly, Atul Auto started off in 1970 with a vision to create affordable transportation for people. Its promoter, Jayantibhai Chandra, registered a 136% growth in his net worth in a year ending FY 2014 when the Indian automobile sector was in one of its worst slumps. His wealth is Rs 217 crore in 2014. Atul Auto started by modifying Enfield Motorcycles into a travel innovation called “*chakkda*” in Gujarat – by attaching a plank behind a motor cycle it transformed a two-wheeler into a vehicle that could transport at least ten people at a time. The company recently launched Shakti, a half-ton commercial three-wheeler. The company plans to set up a new three-wheeler plant in Ahmedabad with an annual capacity of 60,000 units. It also seeks to tap markets in the emerging economies. At a time when the auto industry is focusing on the higher end of the auto spectrum, Chandra is capitalizing on the bottom of the pyramid (see also *Business World*, July 14, 2014, p. 59).

Based on Aristotle (*NE*) and Aquinas’ Commentary on Aristotle ([1964], see endnote v), Table 8.1 summarizes and distinguishes between *voluntary*, *involuntary*, and *under-duress* actions using three dimensions: (1) originating principle of the action, (2) role of the intellect and will in the action, and (3) consequent nature of the action outcomes. Voluntary actions originate from or are initiated by the agent; they are motivated by principles or passions intrinsic to the agent; the agent is cognizant of the action circumstances and deliberates over means and ends. The involuntary is exactly the opposite of the voluntary. Actions under duress are a blend of the voluntary and involuntary.

In addition, note, most executive business decisions and actions are either fully *voluntary* or *under duress*. Very few can be classified as *involuntary under force*; some qualify to be *involuntary under ignorance*. In conclusion, from Aristotle’s theory of responsibility as applied to responsible business management we learn the following:

- Several business strategies could be a blend of voluntary and involuntary actions in as much as they involve hastened deliberations over goals under constraints of cash flow crisis, insolvency, stakeholder pressure, time pressure, bankruptcy, and regulatory demands.

- Ignorance can occur over goal-specification, the choice, and over efficacy of means; the higher the ignorance, the higher is involuntariness and hence, the higher is exoneration.
- Most business decisions are also made after consultation or partnership with others; other things being equal, the more people involved in the partnership, the larger is the spread of risk and guilt, and hence, the larger is the scope for exoneration.
- On the other hand, the larger the base of good consulting, the broader the base of executive knowledge, and hence, the higher is executive responsibility.

8.2.6. Immanuel Kant: Responsibility as Moral Worth

Apparently, for Aristotle, responsibility is not an intrinsic characteristic of the action itself but rather “a dimension in which the actions are assessed” (Austin, 1961, p. 129). That is, by addressing the problem of responsibility negatively through the excuse of constraints, duress, and ignorance, Aristotle did not describe the intrinsic quality of voluntary actions. He rather referred to the context of circumstantial evidence and customary norms within which judgments of praise and blame are placed and justified (Jonsen, 1968). Immanuel Kant (1724–1804), on the other hand, describes the special *intrinsic quality of voluntary actions*. For Kant, responsibility or *moral worth* stems from the underlying principle of the will than from the purposes or ends or excuses that precede the action or from the consequences that follow it. In this sense, Kant’s *Groundwork of the Metaphysics of Morals* (1964) is a treatment of an *Ethic of Duty*, primarily as the Categorical Imperative and secondarily, as an Ethic of Hypothetical Imperatives.

According to Kant (1964, p. 68), the “moral worth can be found nowhere but in the principle of the will, irrespective of the ends that can be brought about by such action.” The underlying *duty-principle* makes an action a *categorical imperative*, while the purpose makes an action a *hypothetical imperative*. A categorical imperative renders an action to be objectively necessary in itself without reference to some purpose; that is, it is concerned not with the matter (purpose) of the action, but its form (duty) and with the principle from which it follows. On the other hand, hypothetical imperatives imply that an action is good for some purpose; that it is necessary “as a means to the attainment of something else that one wills” (1964, p. 82). Categorical imperatives ignore purposes and ends, are not concerned with the matter of the action (p. 84) but only with the principle guiding the will, and hence, refer only to the *form* of the action (Wike, 1987).

Although Kant does not directly connect categorical and hypothetical imperatives to responsibility, yet one can deduce the following relationship: categorical imperatives generate categorical or unconditional responsibility; they ground absolute or necessary responsibility. However, hypothetical imperatives generate hypothetical or relative responsibility, conditioned or relative to moral agent’s ends, purposes, and circumstances. This Kantian doctrine has relevance for corporates.

Immanuel Kant enlightens our understanding of moral responsibility by the following insights:

- Executive actions are most often driven by ends, motives, and purposes, and are therefore, *hypothetical imperatives, and not necessarily, categorical imperatives.*
- *Hypothetical imperatives generate hypothetical or conditional responsibility that may be exonerated.*
- *Categorical imperatives ground absolute or unconditional moral responsibility that cannot be exonerated.*
- *Most duties that directly deal with stakeholders may be categorical; that is, corporates cannot use stakeholders as means to their own ends, but should consider them as ends-in-themselves.*

8.2.7. *Karl Marx: Responsibility as Historical Determinism*

Throughout his life, **Karl Marx** (1818–1883) struggled reconciling freewill with determinism.⁷ Marx’s major thesis was – politics, economy, religion, ideologies, and philosophies – all these elements that constitute human history – determine our individual motivations, and hence, our will. In brief, history determines us – Marx called this “*historical determinism.*” However, what determines history itself? History cannot be determined by individual wills such as those of monarchs, feudal lords, or political revolutionaries, because all these wills are created by history. Hence, it is collective or “social consciousness” that determines history. Consciousness is primarily social than individual. “It is not the consciousness of men that determines their existence, but on the contrary, their social existence that determines their consciousness” (Marx, 1964, p. 11).

Thus, the principal postulate of historical determinism is that the “social being determines social-consciousness” (Afansyev, 1965, p.172). A person is born in a given social milieu or social group that molds his or her mind according to its standards. That is, individual consciousness is *posterior* to social consciousness (McFadden, 1963, pp. 84–90). However, what determines social consciousness? Marx believed that the ultimate determinant of people and society is the production process that creates and satisfies their needs. The material resources, the production process, the products, and the marketing system that distributes these products all condition humankind and human history.

Karl Marx was partly right. Historical determinism partly explains history. We create and control technology that in turn creates and controls us (see Bell, 1973, 1976; Toffler, 1971). There can be several executive actions that may be “historically determined,” and to that extent, exonerable. However, with Adam Smith we should note that the “invisible hand” of self-interest and profitability works both ways: it guides history, and history guides the invisible hand.

8.2.8. Bradley: Attributional Responsibility

Francis Herbert Bradley (1846–1924) starts his philosophy of responsibility by opposing John Stuart Mill’s determinist position and by reestablishing the existence and operation of the human freewill. Bradley (1876, p. 33) argued that Mill’s stand on the freewill “altogether ignores the rational self in the form of will; it ignores it in the act of volition, and it ignores it in the abiding personality, which is the same throughout all its acts, and by which alone imputation gets its meaning.” Bradley argues that on the one hand, we implicitly assume that we cannot legitimately be held morally responsible for an action unless we are the real author of the action, and unless the action proceeds from our true self as effect from cause. On the other hand, if one is a real author, then one cannot be fully determined by outside forces as determinism affirms. Without personal identity, responsibility is sheer nonsense. This rules out determinism but not indeterminism. The latter assumes that actions are totally uncaused.

While it is obvious that an agent’s acts are one’s own insofar as one causes them, it is not always obvious that one *causes them as a moral agent*. Attributing responsibility, accordingly, should go beyond the consequences of the act, and the action itself to the very *process* of how an agent takes possession of one’s action moves from the outer-directed to inner-directed sphere of moral activity; in short, one becomes a real moral agent – this is *appropriational responsibility*. The latter judges not only the discrete acts, but also the unity of such acts in the moral agent, the self. It is not enough to limit consideration of the nature of the moral agent to character alone. Character explains tendency to act or disposition to act, but it does not explain the act itself. Character denotes a complex of “effects,” but the moral agent seems to be a complex of controls, self-governance, self-direction, and self-organization – in short, *self-actuation* (Bradley, 1876).

From Francis Bradley, we may derive the following insights for corporate executives:

- Historical determinism to a certain extent may influence a business’s life and values, decisions, and actions. But Bradley argues that *historical determinism ignores the rational and volitional self-actuation of the executive* in the form of a trained intellect and morally guided will, the abiding and underlying executive personality that remains the same throughout various acts of the intellect and will and by which alone imputation gets its meaning.
- Hence, any appropriation of business responsibility must include an explicit consideration of the self as a reflecting agent transcending market forces.
- Appropriation of business responsibility judges not only the discrete acts, means, and ends or discrete outcomes, but *the total process of action* by which means or ends are chosen and outcomes generated.
- This process is often called the “corporate culture” within a firm or the “industry climate” within an industry. Both may *condition several business actions*. These climates can “externally” determine executive actions. Business may rarely act on them as total “autonomous moral agents.”

8.3. Part 2: Contemporary Understanding of Corporate Moral Responsibility

Our contemporary discussion on the nature and obligation of corporate responsibility starts with Dietrich Bonhoeffer and moves on to other modern major philosophers and jurisprudentialists on liability and responsibility.

8.3.1. *Dietrich Bonhoeffer: Responsibility as Commitment and Deputyship*

For **Dietrich Bonhoeffer** (1906–1945)⁸, responsibility is not so much a response to the call of values, it means free commitment of oneself to act, regardless of what the act might be.⁹ However, there are limits to this action: God and neighbor. Irresponsible action disregards these limits (Bonhoeffer, 1955, p. 204).

The structure of responsible life consists in a life bound both to God and to humankind and a life that is free. Life bound to God and humankind is *deputyship*. We must work in the world and take account of its human needs, its nature, and its possibilities. In all this, we should be aware that the decision that we take and the deeds we do are truly our own. Moreover, law does not protect us; we cannot take refuge in any principles that might justify our inaction or failure. The acceptance of responsibility involves the acceptance of the guilt of failure and of evil consequences. Responsible action must often decide not between right and wrong, but between right and right, or between wrong and wrong. “It is precisely in the responsible acceptance of guilt that a conscience proves its innocence [...] the responsible man becomes guilty without sin” (Bonhoeffer, 1955, pp. 214–216).

From Dietrich Bonhoeffer, we derive the following propositions that bear on business executive responsibility:

- The acceptance of responsibility may involve the acceptance of the guilt of failure and evil consequences.
- Most executive choices may not be between good and evil or between right and wrong, but between right and right, and between wrong and wrong. The committed executive chooses the better right and the lesser wrong.
- The ethic of responsibility allows for uncertainties and guilt instead of demanding an absolutely untainted conscience (Weber and Bonhoeffer).

According to Weber and Bonhoeffer, the ethic of responsibility allows for uncertainties and guilt instead of demanding an absolutely untainted conscience. The acceptance of responsibility sometimes involves the acceptance of the guilt of failure and harmful consequences.

8.3.2. *Bernard Lonergan: Responsibility as Effective Freedom*

Bernard Lonergan (1912–1993) views responsibility as a function of one’s *effective freedom*. He distinguishes between “essential” and “effective” freedom (Lonergan, 1970, pp. 595–633). “The difference between essential and effective

freedom is the difference between a dynamic structure and its operational range.” (p. 619). We are free essentially inasmuch as possible courses of action are grasped by practical insight, motivated by reflection, and executed by decision. Nevertheless, we are free effectively to a greater or less extent inasmuch as this dynamic structure is open to grasping, motivating, and executing a broad or a narrow range of otherwise possible courses of action. Thus, “one may be essentially free but not effectively free to give up smoking” (Lonergan, 1970, 620). Effective freedom is not something given. It must be cultivated. It must be won. The key point is to reach a willingness to persuade oneself of some objective good or to submit to the persuasion of others. One must be persuaded to genuineness and openness too. Incomplete intellectual and volitional development leads to moral impotence.

According to Lonergan (1970, pp. 618–634), there are four major conditions that limit effective freedom that, in turn, impacts blame or credit. We summarize them as applied to business executive situations, especially since all four conditions affect day-to-day business decisions and actions, tactics, and strategies. They are important considerations in assessing the quality of business responsibility today.

- **External Constraints:** These constraints limit the range of concretely possible alternatives available to business, either because they are not available at the time of the decision or because they are too cost-prohibitive to pursue, or they cannot be backed with other required resources. The lesser the number of competing business turnaround strategies (e.g., rapid cash recovery, overstock inventory clearance, product repositioning, predatory pricing, aggressive distribution, or promotion) alternatives to choose from, the lesser the responsibility of the final choice.
- **Internal State:** This has to do with one’s sensitive skills and mental habits, intellectual and psychological development, the syndrome of one’s anxiety, stress and strain, obsessions, and other neurological phenomena that maladjust intellectual development to psycho-neural development – all these factors restrict one’s capacity for effective deliberation and choice. There is considerable literature that addresses the strains and stresses of business executive life.
- **Intellectual Development:** This refers to one’s understanding the business situation, the possible courses of rescuer or transformation strategies, critically grasping the content and consequences of their alternatives, and in general, one’s struggle with the process of learning and appraising a concrete business situation. The greater one’s accumulation of market and business turnaround insights, the greater is the development of one’s practical intelligence, the greater is the range of the possible courses of action one can grasp and consider, and the wider is the domain of critical assessment.
- **Volitional Development:** This relates to one’s ability to deliberate over alternatives and choices, to reflect over one’s motivations and intentions, and exert full freedom over one’s turnaround decisions and actions. The human “will”

is the bare capacity to make decisions. Human “antecedent willingness” is the state in which persuasion is not needed to bring one to a decision. Human “willing” is the act of deciding. The function of willingness runs parallel to the function of the habitual accumulation of practical insights.

What one does not understand yet, one can learn. Nevertheless, learning takes time, and until it takes place, otherwise possible courses of action are excluded. Similarly, when antecedent willingness is lacking, persuasion can be invoked. However, persuasion takes time, and till one persuades oneself or others, one remains closed to otherwise possible courses of action.

From Lonergan, we deduce the following responsibility insights for business executives:

- Responsibility is executives’ response to an event/action upon them that they interpret, whose consequences they anticipate and evaluate – hence, responsibility presupposes moral potency.
- Moral impotence exonerates under certain conditions. Lack of congenital sensitivity, lack of inherited psycho-neural balance, lack of intellectual development and opportunity, and lack of challenges to one’s volitional development – all these constitute moral impotence in varying degrees.
- The gap between one’s proximate effective freedom and the remote hypothetical effective freedom that one would possess if certain conditions fulfilled, measures one’s moral incompetence, and the latter measures one’s degree of exoneration.

8.3.3. *Elizabeth Beardsley: Ascribing Moral Responsibility to Corporate Executives*

From a phenomenological viewpoint, there are many moral perspectives by which a corporate executive act can be judged for its moral content and worth, for its praiseworthiness or blameworthiness, and for its moral and economic sanction of reward or punishment. Elizabeth Beardsley (1914–1990) explores these multiple moral perspectives.

According to her, it is too simplistic to make judgments of moral worth, praise, or blame, from a single perspective. Given a human act, she observes, several questions arise in relation to ascribing moral responsibility to it: (1) its moral worthiness or unworthiness, (2) its praiseworthiness or blameworthiness, and (3) its sanction in terms of reward or punishment. How are each of these steps of moral responsibility ascription arrived at? Beardsley (1960) suggests that such judgments are made from several different standpoints she calls “moral perspectives.” We summarize this discussion here.

She considers the terms praise and blame only in their moral content as “moral praise” and “moral blame.” Both are correlative concepts such that everything said about moral praise may also be said about moral blame, and vice versa. A “judgment of praise (or blame)” is an affirmative or negative

judgment of praise (or blame). An “affirmative judgment of praise” is an explicit attribution of praiseworthiness to a person.

Conversely, a “negative judgment of praise” is an explicit denial that a person is praiseworthy. An objective judgment of rightness or wrongness, praise or blame, is a judgment made about *an act*, not the agent. A subjective judgment, on the contrary, relates to the agent. Thus, the statement that “my act is objectively right but may not deserve praise” is perfectly consistent. The judgment that an act is objectively right offers insufficient evidence for judgment about its praiseworthiness. For instance, I could have committed that act either inadvertently or from reprehensible motives or reasons.

According to some “soft” determinists, if an agent has acted wrongly, the following conditions are necessary and sufficient to judge that the agent acted wrongly and is blameworthy:

- (1) That the agent acted wrongly without external constraints (i.e., this is a voluntary act);
- (2) Without ignorance of relevant facts (i.e., this is an informed act); and
- (3) From a motive or character trait that is undesirable (this is an immoral act).

Opposite conditions account for praiseworthiness: that the agent acted rightly (1) without external constraints (i.e., this is a voluntary act), (2) without ignorance of relevant facts (i.e., this is an informed act), and (3) from a motive or character trait that is desirable (this is a moral act).

While the judge must attend to several key factors among the causal conditions that produced the acts, he or she does not have to go any further, e.g., to antecedents of antecedents or to the nature or existence of antecedents.

According to Beardsley (1960), the above three conditions are sufficient for judging only the *moral worth* (moral worthiness or unworthiness) of the act but not its *moral credit* (moral praiseworthiness or blameworthiness). *Moral worth refers to the act while moral credit relates to the agent.*

Moral worth is judged by four standards: did the person act:

- rightly or wrongly;
- voluntarily or involuntarily;
- with knowledge or ignorance of relevant facts; and
- from a desire that was good or evil in the situation?

Moral credit needs different standards:

- Was the act easy (no moral effort) or difficult (great moral courage and effort) to perform?
- Were the circumstances favorable or unfavorable for positing the act?
- From all that an external judge could know and ascertain about the agent, was it probable or improbable that the agent should act that way?

Judgments of moral credit obviously supplement (and not supplant or suppress) judgments of moral worth. Beyond factors that determine moral worth or moral credit, Beardsley (1960) considers “ultimate” causal factors, which simply are those factors that are left out of account when one makes judgments of moral worth and moral credit. While judgments made from the perspective of moral worth and moral credit are judgments of discrimination (i.e., these perspectives seek factors that are specifically unique to each agent), and they are mostly comparative and either affirmative or negative, the ultimate causal factors go beyond moral worth and moral credit and consider all agents on equal footing. Here all agents are equal and none has any ultimate claim to praise or blame.

The judgment from the perspective of *ultimate causal factors* is always negative and takes two forms:

- (1) Given positive moral worth and/or positive moral credit, the agent A is not ultimately praiseworthy for act X, and hence, does not deserve to be rewarded.
- (2) Given negative moral worth and/or negative moral credit, the agent B is not ultimately blameworthy for act Y and, hence, does not deserve to be condemned or punished.

Both negative judgments are because agents A or B have ultimate external causes that may be common for A and B. In this sense, agents A and B are moral equals – the causal similarities between them are of moral significance, perhaps more significant than their differences. They eradicate moral discriminations. They remind us that judgments based on moral worth and moral credit are of moral inequality and may not tell the whole story about the individuals being judged. No one is ever the *first* cause of good or evil deeds or *finally* responsible for reward or punishment when confronted by moral odds. No one is ever the *total* cause of one’s actions. The realm of external causes may significantly determine most of our actions, especially in a turnaround situation. Based on Elizabeth Beardsley, Table 8.2 provides useful Perspectives of moral responsibility assessment for corporate executives.

This sphere of ultimate causality and moral equality, however, does not negate but presuppose the legitimacy of moral worth and moral credit. All three moral perspectives, moral worth, moral credit, and moral sanction are necessary but not sufficient. That is, each perspective is incomplete and needs to be supplemented by the other two perspectives. That is, not all our acts go back to ultimate causes but those that do, invite compassion and tolerance. Equanimity in the face of moral iniquity is moral callousness, particularly when the wrongdoer is oneself.

8.4. Part III: A Synthesis of Classical and Contemporary Views of Executive Responsibility

We have covered a fairly representative group of major philosophers from Aristotle to Elizabeth Beardsley who have made significant contributions to a

Table 8.2: Perspectives of Moral Responsibility Assessment for Corporate Executives(see Beardsley, 1960).

Perspectives of Moral Responsibility Assessment	Relevant Definitions	Probing Questions
<i>Moral Worth:</i> positive or negative	<p>Characteristic of moral value that belong to the agent who has performed an act that meets certain pre-specified conditions</p> <p>The term “moral worth” can refer to either positive or negative moral worth</p> <p>A judgment of moral worth may be positive or negative depending upon whether moral worth is asserted to be present or absent</p>	<p>Standards of Positive Moral Worth</p> <ol style="list-style-type: none"> (1) Has the agent acted rightly? (2) Has the agent acted voluntarily? (3) Does the agent have knowledge of relevant facts? (4) Does the agent act from a desire that is good in its situation? <p>Standards of Negative Moral Worth</p> <ol style="list-style-type: none"> (1) Has the agent acted wrongly? (2) Has the agent acted voluntarily? (3) Was the agent ignorant of relevant facts? (4) Does the agent act from a desire that is evil in its situation?
<i>Moral Credit:</i> praise or blame	<p>Given that an act has positive or negative moral worth, moral credit refers to the next moral judgment that determines whether the agent is praiseworthy or blameworthy for the act</p>	<p>Standards of Positive Moral Credit</p> <ol style="list-style-type: none"> (1) Was the right act “difficult” to perform? (2) Did the agent act rightly despite obstacles or unfavorable circumstances?

Table 8.2: (Continued)

Perspectives of Moral Responsibility Assessment	Relevant Definitions	Probing Questions
<p data-bbox="157 793 331 881"><i>Moral Sanction:</i> reward or punishment</p>	<p data-bbox="395 301 999 586">Moral credit looks at the performance of the act under its circumstances. That is, was the balance of known circumstances causally relevant to the performance of the act favorable or unfavorable? <i>Favorable</i> circumstances mean that their presence makes the act more likely to occur than in their absence <i>Unfavorable</i> circumstances mean that their presence makes the act more unlikely to occur than in their absence</p> <p data-bbox="395 793 999 881">Final judgment regarding reward and punishment should be tempered by the third moral perspective of ultimate causality and moral equality</p>	<p data-bbox="1012 301 1555 491">(3) Was it antecedently improbable that the agent would act rightly under such unfavorable circumstances? A “yes” to all three questions enhances positive moral credit Standards of Negative Moral Credit</p> <p data-bbox="1012 525 1555 715">(1) Was the wrong act “difficult” to perform? (2) Did the agent act wrongly despite favorable circumstances not to act? (3) Was it antecedently improbable that the agent would act wrongly under such favorable circumstances not to act? A “yes” to all three questions enhances negative moral credit</p> <p data-bbox="1012 793 1555 1019">Does A unconditionally deserve moral worth for his honest act? Does A deserve to be absolutely condemned for his cowardly act? If not, investigate into ultimate causal factors that mitigate praise, exonerate guilt or moral responsibility</p>

better understanding of moral responsibility, especially as applicable to executive decisions. From this historical development of the notion of moral responsibility and its cognates, we note that these authors have deliberately refrained from defining responsibility precisely, but have freely used it for diverse purposes. There has been a pronounced lack of accuracy in *denotation*, even though the term responsibility has emerged quite comprehensive in its *connotation*. However, despite its variety and ambiguity of use, responsibility can be said to imply at least five aspects of human choice:

- **The Choosing Person:** As a moral agent, with a unique self, abiding character and personality, the responsible person is often described as conscientious, dutiful, committed, reliable, and responsive. The person behind the executive choice may be designated as the *agent or choosing person* of responsibility.
- **The Choice Situation:** Executive choice is often characterized by situational variables such as time and place, constraints and stresses, number of alternatives to choose from, challenges and opportunities, contingencies and circumstances, risks and uncertainties of alternatives, frequency, and distribution of choice alternatives. All these variations may be reckoned as the *situation* of responsibility.
- **The Choice Process:** The actual executive choice is often described as identification, enumeration and assessment of various choice alternatives, as also anticipation, expectation, critical understanding, interpretation, and choice of some alternative over others, and executive intentions and motivations in the deliberation over and consideration of these alternatives, and the final choice. All these elements may be construed as the *process* of choice and responsibility.
- **The Choice Principle:** This component of executive choice relates to the moral reasoning or principles behind the choice – teleological ends and objectives, deontological laws, contracts, rights, duties and character, and the justice of the distribution of these costs and benefits and rights and duties involved in executive choices – these elements constitute the “*form*” or *cause* of executive responsibility.
- **The Choice Outcome:** This involves the consequences of executive decisions and subsequent actions in terms of success or failure, costs or benefits, the degree of good or evil in the consequences, and the types of stakeholders they affect in the challenging environment – all these elements describe the *effect* of responsibility.

In general, one can distinguish two broad levels of responsibility: responsibility for the *action* itself and responsibility for the *consequences* of the action (Hart & Honoré, 1975):

- *Responsibility for the action* is primarily *moral* and involves the concepts of duty, obligation, blame, and answerability.

- *Responsibility for the consequences* is primarily *legal* and is associated with the concepts of liability, imputability, accountability, and punishment/compensation for the harm accruing from the action.

This double use of the expression responsibility arises from the important fact that doing an action and compensating harm from the action are two distinct sources of holding persons responsible. Both sources of responsibility are independent of, but may be influenced by, a third consideration: did the said action *cause* the harm for which compensation is sought? Or, equivalently, did the *doer* of the action *cause* the harm? These questions are too complex to resolve, and for practical purposes, legal responsibility, especially under the rubric of “strict liability,” may not always deal with this third consideration. The principle of strict liability asserts that all harm should be compensated for via compensatory justice, regardless of the fact, state, and direction of causality of the action between the said parties.

8.4.1. Causal and Agent Responsibility

Responsibility for the consequences can impute in two ways (Mascarenhas, 1995):

- If the executives themselves act or omit an act that causes harm to some stakeholder, then the executives are directly responsible for it – this is called *consequent causal responsibility*.
- If the executives command or delegate an action (commission or omission) that causes harm, then they are indirectly responsible for the harm – this is called *consequent agent responsibility*.

The corporation authorizes the advertising agency to act on its behalf. The corporation assumes that the ad agency will work on behalf of the interest of the entire company and its stakeholders and not be “opportunistic” by serving its own interests. The principal or the corporation assumes “vicarious liability” or “vicarious responsibility” for the advertising agent.

In early moral philosophy, the topic of responsibility has regularly surfaced under the question of necessary and sufficient conditions that must exist if one is to be truly declared author of one’s actions, and thereby, to be justly praised or blamed. At the very dawn of Western Classical Philosophy, *Heraclitus* (c. 540–480 BC) asserted that it was a human being’s formed character and not some external force that constituted one’s fate. Since then, philosophers have debated and connected the issues of fate and freedom, character and causality, motivation and intention, deliberation and consideration, justification of praise and blame, and punishment and reward with the notion of responsibility.

8.4.2. Accountability and Commitment

Two questions, therefore, can be raised regarding causal or agent responsibility:

- (1) How can the judge know when and whether the executive should be justly praised or blamed, punished or rewarded for his or her executive actions? – This situation is often designated as the judge’s problem.
- (2) How can the agent know when the acts or effects of one’s executive behavior really belong to him or her as a human agent? – This question is usually called the agent’s problem.

For instance, how can the judge ascertain if the corporation or the ad agency should be held responsible for the harmful social consequences of the products they manufacture and advertise? The judge who must pass judgment on the executive conduct must sift through evidence, conditions and circumstances in each case before responsibility or accountability can be “attributed” to the persons – this is called *attributional responsibility* (ATR) (Dewey, 1925).

Second, how can the executives know if the harmful effects of their products really belong to them, either as individuals or as corporate executives? In order to pass moral judgment on their own conduct, the executives must also sift in each case through their own principles of choice, intentions, motivations and deliberations so as to own or “appropriate” the consequences of their actions – this is called *appropriational responsibility* (APR) (Bradley, 1876; Feinberg, 1975).

Thus, there have been two distinct patterns that characterize human responsibility: pattern of attribution and pattern of appropriation. As *attribution*, responsibility is *retrospective*; it assigns praise or blame depending upon the degree of intention, deliberation, and motivation in the action chosen and executed. As *appropriation*, responsibility is *prospective*; it is remedial, developmental, and character building through commitment (Bradley, 1876; Dewey, 1925; Niebuhr, 1963).

While in ATR, the judge looks principally for external evidence of moral causality and does not strike so deeply into the interior of moral agency, in APR, the moral agent *lives responsibility* in his/her innermost self. Moral agents can be held responsible (by imputation) because they have acted as responsible causes (ATR) and so that they may become responsible persons (APR).

Both ATR and APR imply a fault such as a wrong, harmful or unfair product (goods or services) or an unfair action (promotion or advertising strategy) (Mascarenhas, 1995). The fault can be either externally (e.g., by courts) *attributed* to the person or internally (e.g. by virtue, conscience) *appropriated* by the person. Once the fault is attributed to an executive, he or she must assume *accountability* for the harmful consequences of the fault. Once the executive appropriates the fault, he or she must assume *commitment* to avoid the fault in the future. Thus, we focus on both accountability and commitment aspects of executive responsibility.

Obviously, when we speak of “responsible business management” we need to go beyond legal or strict liability. In fact, a deeper etymology of the word responsibility unravels another dimension: within the word for response is hidden the Greek word for “promise” that invites people to reliably perform

one's part in a common undertaking or to perform one's promised part in a solemn engagement. Thus, "responsible persons are not only those who are uncoerced and aware of the nature of their action and its consequences; they are also persons who demonstrate certain stable or habitual attitudes to their relationships with other persons. In this sense, responsibility describes the character of a person" (Jonsen, 1968, p. 547), and is a *virtue* (Aristotle, 1985; Aquinas, 1984).

8.5. Concluding Remarks

Following this long discussion, we redefine responsibility from a legal, ethical, and moral standpoint as *some promise, commitment, obligation, sanctioned by self, morals, law or society, to do good, and if harm results, to repair harm done on another.*

Hence, responsibility from a moral perspective is *trustworthiness and dependability of the agent in some enterprise.* Its inverse is *exoneration* – the extent to which one is excused from commitment and repairing the harm done to others by one's actions.

Moral agency is *deputyship*, argued *Dietrich Bonhoeffer*, and we are deputed not so much to choose right and avoid wrong, but often to choose between *right and right and between wrong and wrong* in an imperfect business world such as ours. Corporate executive responsibility, then, *accepts guilt and failure but without sin.* *Richard Niebuhr* added that all our actions should arrive at a perfect *cathekontic fit* between our values and those of the community, nature, and the cosmos. That is, responsibility is a *constant dialogue* with our environment. In order to do this, we need *intellectual, volitional, and moral development*, said *Bernard Lonergan*; all three aspects of development enable us to fight *moral incompetence* and develop *antecedent willingness* to do good. This is *effective freedom*, and the latter grounds moral responsibility for all corporate executives.

However, the free will problem is quite tangled. Each of the traditional solutions (e.g., determinism, indeterminism, fatalism, libertarianism) of this problem tends to oversimplify a multidimensional problem that involves the resolution of conceptual, scientific and moral questions. We must first decide which of the ethical theories or moral principles we can use in making judgments of moral responsibility. Next, we must agree on the meaning of certain key concepts such as responsibility, moral responsibility, free will, free action, determinability, compulsion, and trying. Most of these terms do not have single meaning in ordinary usage, and most meanings derive from different moral perspectives, different moral concerns, and attitudes we bring to the discussion. Third, we must attempt to answer such scientific questions as – How wide is the area of compulsive behavior. Did I adequately assess causal antecedents such as heredity, hang-ups, cultural baggage, company history, competition, and environmental pressure in my corporate executive decisions? Have I objectively assessed my current capacities and constraints in arriving at a given corporate executive decision? How deferrable, if at all, was this decision in this instance of a turnaround crisis?

How much, if at all, did the corporate executive in this concrete situation have in his power to try to do otherwise?

All this analysis done, the question whether a corporate executive is morally responsible for a given downizing decision involves taking a moral position and not simply covering the relevant facts. This is because it is our moral position and decision that will specify which of the facts and causal antecedents are relevant. The final answer to the question on moral responsibility will depend upon *what we are willing to excuse or not excuse* (Grassian, 1992, pp. 184–191).

NOTES

1. In his closing remarks at the 1992 *Business Enterprise Awards ceremony*, cited by David Bollier in his *Aiming Higher* (1997, p. 351).

2. Responsibility as a word has a short history in the English language. According to Albert Jonsen (1968, p. 3), the word makes its philosophical debut in David Hume's *Treatise of Human Nature* (1740) in the oft-quoted passage: "Actions may be blamable [...] but the person not responsible for them." The word thereafter appears as a synonym for accountability, imputability, liability, duty, and obligation. In the late-nineteenth century, two works gave the term responsibility a central place in the lexicon of morality: Bradley's (1876) essay "The Vulgar Notion of Responsibility and its Connection with the Theories of Freewill and Determinism," and Lucien Lévy-Bruhl's study of the problem of freedom in "L'Idée de Responsabilité" (1883).

3. There are obvious differences between *corporations* as moral agents and *executives* as moral agents: corporations do not vote and are not drafted, but executives in corporations think and deliberate over goals, strategize realization of goals, and accordingly make decisive choices. Hence, both corporations and executives are accountable (Donaldson, 1992). That is, corporations and executives can control their actions, make rational decisions, make reasoned choices and, thus, can be held accountable for the choices they make. For further discussions, see De George, 1990, pp. 97–107; 1995, pp. 122–133; Donaldson, 1992, pp. 18–34; French, 1979, 1984; Goodpaster & Matthews, 1982.

4. We cite *Nicomachean Ethics* (NE) written in Greek (and as translated by Terence Irwin in 1985) by Aristotle, a Greek philosopher (384–322 BC), a pupil of Plato, and tutor of Alexander the Great. In 335 BC, he founded a school and library (the Lyceum) just outside Athens. His surviving works, in the form of dry lecture notes, constitute a vast system of analysis treating a wide variety of subjects such as logic, physical science, biology, zoology, psychology, astronomy, metaphysics, ethics, politics, and rhetoric. In reasoning, he established the inductive method. In metaphysics, he argued against the mystical speculations of Plato, whose Theory of Forms he rejected. For Aristotle, form and matter were the inseparable constituents of all existing things. As an empirical scientific observer, he had no rival in antiquity.

5. Commenting on *Nicomachean Ethics* of Aristotle, Thomas Aquinas (1964, Vol. 1, pp. 175–176) writes: "A thing is involuntary on two counts: one, because the movement of the appetitive power (will) is excluded – this is the involuntary resulting from violence – the other, because mental awareness is excluded – this is the involuntary resulting from ignorance [...]. The forced action is one whose principle is from outside [...] however, not every action whose principle is from the outside is a forced action but only that action which is derived from an extrinsic principle in such a way that the interior appetitive faculty (will) does not concur in it. This is what he (Aristotle) means by his

statement that a forced action must be such that a man contributes nothing to it by his own appetitive faculty. A man is here said to be an *agent (operans)* inasmuch as he does something because of violence and a *patient* inasmuch as he suffers something because of violence.”

6. “It is sometimes hard, however, to judge what [goods] should be chosen at the price of what [evils], and what [evils] should be endured at the price of what [goods]. And it is even harder to abide by our judgment, since the results we expect [when we endure] are usually painful, and the actions we are compelled [to endure, when we choose] are usually shameful. That is why those who have been compelled or not compelled receive praise and blame” (Aristotle, 1985, p. 55).

7. This was also the preoccupation of Marx’s one-time teacher, George Hegel (1770–1831). The English Economists, particularly Adam Smith (1723–1790) and David Ricardo (1772–1823), seemed to offer some insight: the economic development of a nation is deterministic; it can be predicted, and laws verified about it, as is the case with natural physical phenomena. In 1844, Marx and his friend, Fredrich Engels, who also confirmed and supported his revolutionary ideas, protested that the laws that rule an economic system escape all human control. Social reforms cannot be achieved without attacking the very roots of social evil: the existing political economy. The present economic system has already and inescapably determined human beings; they have lost their freedom, and with freedom, responsibility.

8. Dietrich Bonhoeffer, the son of a famous German psychiatrist, was born in Breslau in 1906. He studied in Berlin and New York. His political activities in the Resistance during the early years of the Second World War led to his arrest by the Nazis on April 5, 1943. He was hanged in April 1945. Much of his life of struggles as a teacher, father, and statesman is reflected in his writings, especially in *The Cost of Discipleship* (SCM Press, 1948) and *Ethics* (MacMillan, 1955).

9. In fact, for Dietrich Bonhoeffer, conscience is the center of responsibility. It is the source of response to value. Conscience is our spiritual instinct for self-preservation arising from the urge for complete unity and harmony within us. Conscience “makes itself heard as the call of human existence to unity with itself [...] it protests against a doing which imperils the unity of this being with itself” (Bonhoeffer, 1955, p. 211).