Corporate Moral Responsibility: 
A Reply to Professor Gibson

According to Roger Gibson in his article "Corporations, Persons, and 
Moral Responsibility," two "central and obscurely interrelated questions" 
are:

(1) Is it conceptually possible to hold corporations morally responsi-
   ble for their actions?
(2) Are corporations full-fledged moral persons?

Gibson is partly right. These are two central questions in the debate over the 
moral status of corporations. But it is not too difficult to see how they are 
interrelated. For instance, if we convert (1) and (2) from questions to 
statements then one relation between them is:

(3) If corporations are moral persons/agents, then corporations are 
    morally responsible.²

(3) is certainly important in the debate over the morality of corporations. If it 
is true, then all we would need to establish is

(4) Corporations are moral persons/agents

in order to conclude via modus ponens,

(5) Thus, corporations are morally responsible.

And (3) is quite plausible. If a moral person/agent is (roughly) a person/ 
agent with the capacity for acting on moral reasons, and if corporations are 
moral persons/agents, then surely they are morally responsible. The more 
crucial question is whether (4) is true.

Gibson considers and rejects three arguments that are intended to show 
that (5) is true—one of which, at least, hinges on the truth of (4). We will 
comment briefly on Gibson's rebuttals. They do not seem to us to be entirely 
successful.
Of course, even if they are successful, they do not serve to establish Gibson’s main point. He believes that (5) is false, and no mere attack on arguments designed to support (5) will help him prove that. A more direct attack is needed, and this leads us to the second relation between (1) and (2):

(6) If corporations are morally responsible, then they are moral persons/agents.

Assuming (6) is true, all we need to establish is

(7) Corporations are not moral persons/agents

in order to conclude via modus tollens,

(8) Thus, corporations are not morally responsible.

In support of (7) Gibson invokes the authority of arguments given by John Danley and John Ladd. We agree that (7) is true but not because of the arguments by Danley and Ladd. Toward the end of the paper we will consider whether (6) is true. In our view, it is not. That is, we will argue that corporations are morally responsible, but are not moral persons.

There is one other aspect of Gibson’s paper that we will comment on. He argues that even if corporations cannot be “conceptually” barred from moral personhood, we ought to bar them anyway on consequentialist grounds. But more of that later. For now, let us turn to Gibson’s comments on the arguments for (5).

The first argument he considers is given by Goodpaster and Matthews. They use the “method of projection” to argue that corporations “should be no more and no less morally responsible . . . than ordinary persons.” As we understand it, their argument is basically this:

(9) If corporations exhibit the same components of morally responsible behavior that persons do, then it is meaningful to project moral responsibility onto corporations.

(10) If it is meaningful to project moral responsibility onto corporations, then they are morally responsible.

(11) Corporations do exhibit the same components of morally responsible behavior that persons do.

(12) Hence, corporations are morally responsible.

The components of moral behavior in question are rationality and respect. As Gibson correctly points out, rationality and respect are only necessary conditions for morally responsible behavior. Hence to argue from the fact that corporations exhibit such behavior to the conclusion that they are morally responsible commits the fallacy of affirming the consequent. And that is the mistake Gibson believes Goodpaster and Matthews make.
However, if we understand their argument as suggested above, then no such fallacy is committed.

Moreover, our interpretation brings out what may be a problem with their argument. The problem concerns premise (10). Perhaps this is what Gibson is getting at well in his suspicions over their use of analogy. Sometimes we meaningfully attribute certain behaviors to things only as a manner of speaking; that is, we speak of them as if they behaved in the manner in question. For example, we say that the goal the wasp has when she paralyzes the caterpillar and buries it with her eggs is to provide them with a source of food when they hatch. It is meaningful to attribute such goals to the wasp, but it is only a manner of speaking. Wasps, as far as we know, have no concept of the future, and hence have no goals and no goal-seeking behavior.

The same may be true of corporations. It may be useful or appropriate or meaningful to attribute morally responsible behavior to corporations as a manner of speaking, just as it is meaningful to attribute goal-seeking behavior to the wasp, and yet the corporation not be morally responsible, just as the wasp does not have goals. What we are suggesting, in short, is that Goodpaster and Matthews have given us no reason to suppose that (10) is true. And some argument is required. Otherwise to speak of corporate moral responsibility may be simply a façon de parler.

It may be, however, that Goodpaster and Matthews are not saying anything so strong as (10) at all. That is, it is possible that they are not using the method of projection to argue for corporations being morally responsible, but are instead suggesting that the method of projection allows us to observe corporations in ways that we might otherwise have overlooked. Furthermore, when we project moral language of persons onto corporations, we discover that such language is not only meaningful on that level, but also that it poses no more problems than it does on the individual level. If this is what Goodpaster and Matthews are doing, then obviously they are not offering a proof, either deductively or analogically, for corporate moral responsibility. Rather they are offering a moral window through which to better see corporations for those who already hold them to be morally responsible. If this is the case, then Gibson’s arguments against their method of projection are simply off the mark.

Gibson next considers Donaldson’s argument for corporate moral responsibility. We confess we find his criticisms of Donaldson confusing rather than instructive. His main criticism appears to be: “Donaldson’s analysis merely assumes what it must prove.” But it seems to us that Donaldson does not simply assume that corporations are morally responsible. He develops a sophisticated social contract theory which both explains and justifies the existence of corporations and has the consequence that
certain corporations are morally responsible. That is, corporate moral responsibility is implied by the social contract theory, but it is not presupposed or assumed as one of the premises of the theory.

Gibson also claims that "merely saying that the raison d'être of corporations is to enhance the social welfare doesn't make it so." But here again Donaldson doesn't merely say this. His social contract theory is the justification for it. If Gibson were to give reasons for rejecting the entire notion of a social contract theory, or if he were to try to show in detail that Donaldson's theory does not successfully accomplish what Donaldson hoped it would, then we would have some basis for discussion. But he does neither of these things. He has several complaints about Donaldson's theory, but as far as we can see, no arguments against it.

The next argument Gibson considers is Peter French's attempt to prove (4). He argues that French does not succeed because he does not show that there are corporate-intentional acts, but only that there are corporate-directed acts. Gibson distinguishes between these two kinds of acts by means of the following sort of example: Suppose Jones intends to shoot Smith but misses and unintentionally shoots Brown instead. Then Jones' act of shooting Brown is goal-directed but not goal-intentional. Hence, goal-directed actions are not the same as goal-intentional actions. And in similar fashion, corporate-directed actions are not the same as corporate-intentional actions.

We are rather puzzled by Gibson's example, for it seems to imply that there are goal-directed actions only if there are intentional actions. Jones's shooting Brown is a goal-directed action because Jones intentionally tried to shoot Smith and intentionally pulled the trigger in his attempt to do so. Goal-directed actions only occur in the presence, so to speak, of goal-intentional actions. If this is right, then it suggests that corporate-directed actions only occur in the presence of corporate-intentional acts. Thus, instead of showing that French is wrong, it seems to us that Gibson reinforces French's argument.

In addition to this argument against French, Gibson offers two other arguments against (4) based on the work of Danley and Ladd. We take it these are also arguments against (5). First, although we can blame and punish people, we cannot, according to Gibson and Danley, do the same for corporations. They "cannot be kicked, whipped, imprisoned, or hanged by the neck until dead." And financial punishment hurts stockholders, workers, or consumers, not the corporation.

We are not at all convinced by this argument. Corporations can and have been fined millions of dollars for corporate wrongdoing. And if stockholders and workers are affected, this is not at all surprising or necessarily unfair since they, along with management, are part of the corporation. There are
also surely ways to prevent the financial burden from being passed on to consumers. The courts and government, for example, might forbid a corporation from raising its prices for a certain period of time, if the competitive market itself did not prevent this from happening. Furthermore, it would seem that an option of corporate capital punishment is even available whereby the society revokes a corporation’s charter and eliminates its right to exist.

Second, according to Gibson and Ladd, corporations “lack the capacity to reciprocate morally” and hence should not be admitted into the moral community. Corporations are by their very nature rationally unable to consider things from a moral point of view, so the argument goes, because they are established solely to pursue goals of profit-making. Moral goals are simply not a part of their conceptual machinery.

But why not? To say that corporations are by definition or by design incapable of moral concerns comes dangerously close to begging the very question at issue—namely, what is the nature of a corporation, or more specifically, can a corporation pursue moral goals? To answer this requires some argument which Gibson does not provide. In fact, wasn’t it Gibson himself who said that “merely saying that the raison d’etre of corporations is [something] doesn’t make it so!”

We see no necessity in defining or conceiving corporations in the Gibson/Ladd way. We find no conceptual obstacles to corporations having moral concerns as part of their goal structure; and if corporations do not have moral goals, they are capable of changing or enlarging their present goals to include them. We are not saying that profit is not or should not be a primary corporate goal; we are simply saying it need not be the only goal. Ironically Gibson himself seems to agree, when at the end of his paper he speaks of things that can be done to raise the “moral atmosphere in which corporations function.” He says “corporations ought to strive as far as possible for internal personnel structures that ensure maximum personal accountability.” Is this not a moral goal for which Gibson is urging corporations to strive?

Gibson admits that he might be wrong in buying into the arguments of Danley and Ladd, but states that even if he is, there is still a “consequentialist” argument strong enough to bar corporations from admittance into the moral community. The argument is straightforward:

(13) If the disadvantages to us of admitting corporations into the moral community outweigh the advantages, then we ought not to do so.

(14) The disadvantages do outweigh the advantages.

(15) Hence, we ought not to admit corporations into the moral community.
Corporate Moral Responsibility: A Reply

We have three comments about this argument. First, if it is true, as French argues, that corporations are moral persons, then (13) is false. If corporations are moral persons, or at least like them in the morally relevant aspects, then we must treat them as such regardless of the disadvantages.

Second, Gibson presents little or no evidence for (14). He claims we have a lot to lose because we would have to treat corporations with the same moral concern we give to persons, but "we could expect corporations to reciprocate in kind only if doing so were dictated by some preceding cost-benefit analysis." This leads to what Gibson calls a "bifurcated moral community" where people operate morally and corporations operate prudentially.

But this argument is nothing more than a restatement of the Ladd argument, namely that corporations lack the capacity to act according to moral goals—an argument about which Gibson admitted he might be wrong. Gibson puts forward his consequentialist argument, (13)–(15) above, assuming the falsity of the Ladd position, then turns around and offers the Ladd position as his only evidence for the truth of (14). This he cannot logically do. And, in any case, we have already stated our misgivings of this Gibson/Ladd position based on our failure to see why corporations cannot operate according to moral goals.

Gibson might have argued for (14) along the following lines: Attributing moral responsibility to corporations blocks us from going inside the organization to get at blameworthy individuals. That is, morally culpable people would be able to hide behind a veil of corporate agency. And related to this is another concern: If the corporation is viewed as some sort of large-scale moral organism with some kind of life of its own, then a situation is created where individual interest and autonomy can easily be submerged under what is perceived as the corporate purpose. Manuel Valasquez refers to this as "organizational totalitarianism," and William Scott and David Hart capture this concern by saying:

In our time, the source of legitimacy for institutions is the organizational imperative, which requires individual obedience to it. What is more, such obedience is now a value in and of itself, supplanting the presumed ascendency of the individual.

These are legitimate concerns. Corporations should not be used to subordinate individual moral responsibility or individual autonomy. However, we don't see why attributing moral responsibility to corporations necessarily leads to these problems. There is no reason to believe that holding a corporation morally responsible is incompatible with simultaneously holding some or all of its members as also morally responsible. While holding the Nazi regime morally responsible, Karl Jaspers proclaims that
Every German is made to share the blame for the crimes committed in the name of the Reich... inasmuch as we let such a regime rise among us.\textsuperscript{12}

Furthermore, recognizing that corporations can have moral goals and purposes need not eclipse the freedom of individuals within the corporation in pursuing their own goals and purposes. As we will try to show in more detail later, it is individuals who achieve corporate goals and who can nurture or change them. Good corporations provide room for the autonomy of their members, through which critical reflection and evaluation of the corporation can occur. Turning this argument around, it is because a corporate culture can dominate the freedom of its members that we want to be able to hold the organization morally accountable. And this leads us to our third comment about Gibson's consequentialist argument.

Contrary to Gibson we find that there are advantages in considering corporations to be morally responsible. For one thing it is more consistent with our holding corporations responsible for compensating people and society for harm resulting from corporate activities. Surely Gibson does not want to say that we ought not to hold corporations financially accountable, for where else would such compensation come from. One might say that this is purely a legal responsibility, not a moral one. But this seems odd at best, and certainly is counter to the general belief that our legal obligations are somehow tied to or grounded in moral obligations.

Furthermore, holding corporations morally responsible has the advantage of focusing attention on the corporate system itself, from which many morally irresponsible actions spring. Failure to recognize this leads to Gibson's unacceptable conclusion that business ethics is just a matter of individual ethics. He contends that his position leaves ample room "for business to interface with morality, but it must do so at the level of individuals, not at the level of corporations."\textsuperscript{13} This is utterly naïve and blind to the enormous power and influence which corporate organizations exert on the actions of their individual members. Good individuals can be corrupted through bad organizations and uplifted through good ones. So, too, can good organizations be changed for the worse by unscrupulous individuals and be changed for the better by individuals with moral integrity. There is an important moral reciprocity between organizations and individuals. Overlooking the moral responsibility of either is the real threat to a moral society.

As we have tried to show, there are a number of practical advantages and benefits to be gained by attributing moral responsibility to corporations. It could be beneficial for us to regard corporations as if they were morally responsible even if they are not. We believe, however, that corporations are morally responsible. But we do not believe that corporations are moral
Corporate Moral Responsibility: A Reply

persons/agents, and we do not believe that corporations are morally responsible in exactly the same sense that persons are. Let us try to explain.

It might be best to begin with a brief account of what we take to be the metaphysical status of corporations. Gibson claims that corporations are abstract objects, and his subsequent remarks seem to imply that since abstract objects are amoral rather than moral or immoral entities, corporations are amoral entities as well. If he is right, then we have found a conclusive answer to the question of the moral status of corporations. And he is right about abstract objects. It is false, possibly even meaningless, to attribute moral properties to abstract objects. They can have no rights, duties, or obligations. They have no virtues or vices; they do not act, nor are they acted upon. They are not capable of moral reflection, cannot be punished or rewarded, and cannot enter into praise or blameworthy relationships with moral agents. Abstract objects are just not the sorts of things that can be moral or immoral. But corporations are not abstract objects. They clearly are not numbers, kinds, properties, or propositions. Nor are they sets of their employees and stockholders. Sets are the same if and only if they have all the same members, but corporations can have different employees and stockholders at different times. Since this exhausts the list of the less exotic abstract objects, it seems that this particular metaphysical route cannot be used to deny moral status to corporations.

But Gibson may have had something else in mind. He may have meant to say, not that corporations are abstract objects like sets, but that they are non-physical individual things. This does not automatically exclude corporations from the moral community since some non-physical individuals, e.g., Cartesian spirits if there are such things, are moral entities. But there are difficulties with this account of corporations. For example, non-physical things do not obviously have spatial location, but corporations do seem to have location. A more promising approach, in our view, is that corporations are concrete entities, perhaps, as French suggests, entities constituted out of some collection or aggregate of persons but not identical with it. If this is correct, then corporations cannot be reduced to or completely analyzed in terms of individual persons and their relations. They are distinct from the persons that make them up, but ontologically dependent on persons in that they cannot exist apart from persons. Thus, as Richard De George says,

The collective [corporation] has a metaphysical status of its own and is not reducible simply to the members who make it up. It is this feature that makes it a proper object of predication, and it is for this reason that the predicates that apply to it are not always reducible to predicates that apply to individuals.\textsuperscript{14}
However, this does not exhaust the sense in which corporations are ontologically dependent. Corporations cannot exist or be understood apart from a social context. A variety of complex social, legal, and political relations to individuals and other social organizations and institutions both enable the corporation to exist and define its place, role, or function within society. A corporation is not merely an entity constituted out of persons, since the persons can exist and constitute a collective in the absence of the various social relations that make the existence of the corporation possible. Hence, corporations are ontologically dependent in two distinct ways. They are dependent on some collection of persons that constitute them, and they are dependent on a social context or environment.

Based on this admittedly preliminary account of the metaphysical status of corporations, we can begin to understand the sense in which corporations are morally responsible. Corporations are intentionally created, sustained, and structured by persons in order to accomplish certain goals. It may be that some of these goals, especially in the early, formative years of the corporation, are reducible to the goals of the founders or original owners of the corporation. In such cases it is understandable why one might view the corporation as a tool or machine used by the owners to accomplish for themselves what they could not do nearly so well through their own individual efforts. When this view of the corporation as an instrument of the owners is combined with the mistaken belief that the only rational goal of economic activity is profit, then it seems to follow that the only purpose of the corporation is to enable the owners to maximize profit. Consequently, all actions undertaken by such persons in their capacity as members of the corporation can be understood as actions performed in the pursuit of personal profit. The individuals that make up the corporation are acting through or using the corporation for their own personal economic benefit and for no other reason. They are not acting for the benefit of anyone or anything other than themselves.

It is a mistake, however, to suppose that all actions persons perform qua part of the corporation can be completely explained or analyzed as actions intended to benefit only themselves. Since corporations are concrete entities distinct from the persons that make them up, persons can and often do act on behalf of the corporation in order to achieve some corporate interest that is not reducible to a personal interest. For example, persons can act to achieve corporate economic and social health, where this is understood both as the proper and efficient internal functioning of the corporation, and as positioning the corporation for survival and growth within the social framework in which it exists. Such corporate interests are bound to and derived from their dependency on a social context. Indeed, a corporation has no interest independent of its social context.
Of course, persons may benefit from such actions. It is to their advantage to be associated with a strong and vital corporation. But no description or analysis of their action is accurate that does not place it within the organizational structure and relate it to the achievement of an interest for the corporation. When persons act to achieve an interest for the corporation, then it is appropriate to describe them as acting to achieve corporate goals and not simply personal ones. Thus, there are corporate goals not reducible to goals of persons that constitute the corporation, and insofar as these goals are achieved by persons acting through the corporate structure, we can properly speak of the actions of the corporation itself. De George puts it this way:

The attribution of actions to collectives [corporations] can be correct in that collectives can produce results, and in that the actions of the collective can be the resultant of other actions, even though collectives act only through the actions of individuals.15

We believe that corporate actions and corporate goals ought to be subject to moral evaluation. Only in this way can we make sense out of our common moral experience. It is simply not enough, nor is it accurate, to say to the victims of corporate malefaseance that actually or really or in the final analysis the harm they have suffered is due entirely to individual persons acting to achieve their own personal goals, and hence that moral blame for such harm attaches only to these individuals. It is just not possible to analyze or explain many of the actions performed by persons that constitute a corporation except as performed within a corporate structure in order to accomplish a corporate goal. Thus, it seems to us that moral blame or praise can be attributed both to individuals that constitute the corporation and to the corporation itself.

We do not take this to imply, however, that corporations are themselves conscious moral agents capable of intentional action. But this does not mean that they are not morally responsible or that it is not appropriate to evaluate them from a moral point of view. It does mean that we cannot assign moral worth and responsibility to corporate actions in just the same way that we do to the intentional actions of persons. The sense of corporate moral worth and responsibility to which we are referring is found in the essential connection between intentional actions and the conditions out of which they arise.

Corporations have elaborate internal structures, both formal and informal, that guide and constrain the actions of persons in the corporation. These structures consist of rules, procedures, traditions, and attitudes that organize individuals around the goals and strategies of the corporation. They constitute the character or culture of the corporation. Since they direct, control, and give meaning to actions performed by individuals, they can be
judged as either good or bad depending on whether the consequences of those actions are good or bad for the corporation, individuals in the corporation, or the broad social context the corporation is dependent upon. These structures—the corporate character—define the corporation's way of doing business, and it is out of this character that the actions and attitudes of individuals in the corporation are shaped and shepherded.

As we have noted earlier, it is not unusual for good people to be victimized by a bad corporate culture and lose their moral autonomy. They may be compelled to act in morally unacceptable ways in the pursuit of morally unacceptable corporate goals. Not only is it questionable as to whether such individuals deserve punishment, but it is also hopelessly naive to suppose that punishing the individual will rectify the problem. The corporate structure or character is surely to blame, and unless it is changed such individual behavior will continue to recur. Gibson is right to argue that corporations are not persons, but corporations, like other organized collectives, do have personalities. Machines, which Gibson says corporations are, do not have personalities, except in some metaphorical sense, because they are not constituted of nor do they relate interacting human beings. And because these corporate personalities drive individuals down certain moral pathways, they must be admitted into the arena of moral accountability.

Although much remains to be said about the metaphysical status of corporations and although we admit that we have yet to develop to our satisfaction the precise sense in which corporations are morally responsible, we find the following insights of De George to be close to the mark:

To the extent that organizations have structures, constitutions, institutionalized relations, we can also make moral judgments about these. Rawl's *Theory of Justice* is in fact discourse about the fairness of institutions and societies, not about the justice of individuals or individual actions, except insofar as they are part of a practice that is just or unjust. To speak of the justice of institutions, constitutions, societies is to speak about structures that exist, that are the result of human design, that have been intentionally or unintentionally adopted, that can be changed. But we can speak of all this without making moral judgments about the persons involved in setting up the structures or adopting them, and so on, though we may also do that. The structures have no intentions of their own, though they may embody the intentions of those who instituted the structures. Structures do, however, produce or tend to produce results by constraining the activities of individuals and channeling them in certain directions.16

To conclude we would like to place our argument within the logical landscape, so to speak, of the debate on corporate moral responsibility. It

---

16
Corporate Moral Responsibility: A Reply

seems to us that the debate has been dominated by what various philosophers take to be the necessary conditions for corporate moral responsibility. Thus writers who believe that corporations are not morally responsible typically argue as follows:

(P) If corporations are morally responsible, then S.
(Q) It is not the case that S.
(R) Hence, corporations are not morally responsible.

There are as many versions of this argument as there are candidates for S. For example, a version Gibson discusses is the argument (6)–(8) where S is "corporations are moral persons/agents."

Writers who agree that a certain S is a necessary condition for moral responsibility and believe that corporations are morally responsible will argue:

(P) If corporations are morally responsible, then S.
(¬R) Corporations are morally responsible.
(¬Q) Hence, S.

There is a third alternative. Writers who believe corporations are morally responsible but that a certain S is not a necessary condition will argue:

(¬R) Corporations are morally responsible.
(Q) It is not the case that S.
(¬P) Hence, corporations are morally responsible and it is not the case that S.

If we take S to be "corporations are moral persons/agents," then this third alternative represents the view developed in this paper. We have outlined a position of corporations being morally responsible for actions that arise out of their characters—a position that does not require corporations to be moral persons/agents that intentionally undertake actions. In brief, in the argument (6)–(8), if one is unwilling to accept (8), as we believe one should be for reasons stated in this paper, then one must deny either (6) or (7). As we have pointed out, (7) seems plausible. Therefore, one must deny (6). But this leaves us with a problem, namely, how is it possible that corporations are morally responsible and yet no persons/agents? The answer seems to us to demand a different sense of moral responsibility which does not require that corporations act intentionally.

What our position does require is a recognition that moral responsibility, as with most problems involving human interaction, must be examined within the context of the necessary reciprocity between individuals and organizations. Neither can be understood independently of the other. For business ethics to assign moral evaluation and accountability just to in-
individuals or just to corporations results in dangerous abstractions. It is out of this complex interrelatedness that a meaningful sense of corporate moral responsibility emerges.

Notes

2. We will not adopt Gibson's notion of conceptual possibility since it seems to us to obscure rather than clarify the issues. Also, we will not try to distinguish between full-fledged moral persons and moral agents.
5. Gibson, pp. 7-8.
14. Richard De George, "Social Reality and Social Relations," *Review of Metaphysics* 37 (September 1983), p. 10. Much of what we have to say in the remainder of this paper is influenced by Professor De George's work.